INDEX ON PAGE 24

# BUSINESS WEEK

275

250

225

200

175

150 .

125

100,

75 -

50

25

YEAR

**Executive Salaries** 

THIS YEAR'S LINEUP



Giffels (right), Vallet (left) & Rossetti: Detroit-style designing (page 94)

A MCGRAW-HILL PUBLICATION

MAY 23, 1953

TWENTY-FIVE CENTS



# ANOTHER BOTTLENECK REMOVED!

Fine roads alone can't do the job. It takes advanced engineering and sound construction of many kinds to keep America's vast traffic load flowing smoothly. Witness the tremendous improvements constantly being made in our motor cars and trucks. For example, modern bearings—Bower bearings—are so scientifically designed, so well constructed, they stand up indefinitely with little or no attention.  $\Leftrightarrow$  Used by virtually all manufacturers of automotive vehicles, Bower Spher-O-Honed Bearings have proved themselves by outstanding performance to be unsurpassed in quality. Such refinements as generated spherical roll heads, and higher flange surface, large oil groove, and precision-honed races are but a few of the many carefully engineered Bower features.  $\Leftrightarrow$  Call in a Bower engineer soon and let him show you how Bower Bearings can improve your product. Bower makes a wide range of sizes and types to fit any application.

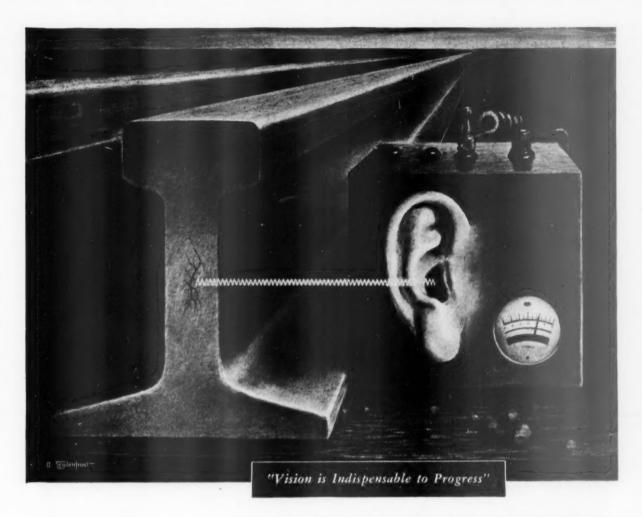
BOWER ROLLER BEARING COMPANY . DETROIT 14, MICHIGAN



BOWER



ROLLER BEARINGS



# It hears unseen flaws in metal...

# works production miracles for industry

Modern instruments perform almost any function the human mind can conceive. In executing and directing man's orders, they are working production magic in American industry.

There are instruments that see, others that hear or feel...even some that detect odors. They sort and count molecules, discover tiny flaws and leaks, measure power consumed by microscopic tools, identify substances, reproduce contours...and record their findings instantaneously, continuously on dial or chart. New digital computing machines, working at lightning speed, solve weighty mathematical problems—even "worry" about accuracy of solutions, locate and correct errors.

Today's instruments, by actuating pneumatic or hydraulic pressure and

electrical impulses, control pressure, temperature, humidity, flow, motion, speed and direction...even volume and pitch of sound, shade of color, density of solutions and richness of gas mixtures. Almost any kind of industrial operation can now be started, held and stopped automatically by controls and instruments,

Accompanying the three-fold growth of instrument manufacturing plants in recent years, is an impressive upward sales curve—from \$455 million in 1939 to approximately \$2½ billion in 1951.

Oak Ridge alone uses 60 carloads of instruments, mounted on 10 miles of panels. One manufacturer saves \$5,000 every working day from an instrument investment of only \$20,000.

In providing American industry with miraculous devices that expedite work, assure quality, safeguard equipment and products, protect human life and release workers for more creative tasks, instrument manufacturers typify the progress being made by men of vision, free to make use of their energy and talents.

# BANKERS TRUST COMPANY

16 WALL STREET, NEW YORK 15, N. Y.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





# Many Little Ones in Our Business

Ninety-five out of every hundred telephone calls are local. Average sale is smaller than the neighborhood drug store or grocery store.

When you think of the Bell System you're likely to think of some big figures. But we're pretty much of a small-town business and our average sale is small.

More than nine out of every ten cities and towns in which we operate have less than fifty thousand population. Ninety-five out of every hundred telephone calls are purely local.

The Bell Telephone Companies own

property locally, pay taxes locally and hire local men and women.

The Bell telephone business is owned by people living in cities, towns and rural areas all over America. It is as much a part of the community as Main Street.

Matter of fact, our average sale is smaller than the neighborhood grocery or drug store. For toll and local calls combined it averages only 7 cents.

BELL TELEPHONE SYSTEM

LOCAL to serve the community. NATIONWIDE to serve the nation.



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DEPARTMENTS

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ADVERTISING & BUSINESS MANAGER Herman C. Sturm



BUSINESS WEEK . MAY 23 . NUMBER 1238

E K "I was ready to try smoke signals to get certain information I needed in Troy...



. . . but a phone call to a Marine Midland officer gave me the facts I needed to make a decision!"

Prompt, authentic, on-the-spot information about current conditions almost anywhere in New York State are often yours for a phone call when The Marine Midland Trust Company of New York is your bank.

The 12 Marine Midland Banks have 121 offices throughout the state. Each officer knows his own community as only a local resident can. Let us show you how their "next-door-neighbor" knowledge can be useful in your business.

The MARINE MIDLAND TRUST COMPANY of New York

120 BROADWAY . NEW YORK Member Federal Deposit Insurance Corporation



FABRICATED AND ERECTED BY LURIA, this Diesel locomotive repair shop located at Minoa, N. Y., is one of a series of Luria jobs for the New York Central System. Many so-called "special" buildings

can be made by adaptations of Luria standardized structures. This Diesel locomotive repair shop is a Luria Standardized Building modified in design by the engineering department of New York Central.



LURIA STANDARDIZED BUILDING for Pennsylvania warehouse of the Glen-Gery Shale Brick Corp. Multiple units make possible the flexibility of custom design — without the cost of custom building.



LURIA STANDARDIZED BUILDING. This storage and distribution structure for the Missouri Farmers Association includes standardized two-story build-up, lean-to's and canopies.



LURIA SPECIAL BUILDING. This multi-plant project for the Naco Fertilizer Co., Charleston, S. C., was expressly designed for a specialty operation — the manufacturing, ageing, and shipping of super-phosphates.

# The LURIA System of STANDARDIZATION LOWERS today's BUILDING COSTS and ADDS HIGH SPEED to Industrial Expansion

LURIA STEEL STRUCTURES MEET YOUR INDIVIDUAL REQUIREMENTS...YET GIVE YOU FULLEST ADVANTAGE OF STANDARDIZED MATERIALS AND DESIGNS



ROM the first plans to finished buildings, from the initial stages to the moment you turn the key in the door and move in, Luria's unique method of preengineering saves you money and delivers your buildings faster.

Every possible step in design and construction is standardized. That's the Luria specialty. But standardization is achieved without sacrificing your individual needs or compromising the most stringent building code requirements. That's the Luria guarantee—durability, adaptability and flexibility.

Whether your expansion program calls for many

large structures or a single small building, whether it is being handled by you directly, your architect or contractor, Luria can supply all or any part of whatever services or materials that may be required. You'll find your Luria representative interested . . . and helpful. Call him.

Luria is always pleased to cooperate with your architect, engineer and contractor

# LURIA ENGINEERING

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ENGINEERS - FABRICATORS - CONSTRUCTORS
500 FIFTH AVENUE, NEW YORK 36, N.Y.
District Offices: ATLANTA - PHILADELPHIA - BOSTON - CHICAGO

WASHINGTON, D.C. . Plant: BETHLEHEM, PA.

# American Industry Builds with LURIA



LURIA BUILDING for Combustion Engineering Inc., East Chicago, Ind. Standardization modified to individual needs.

LURIA BUILDING for Omar Incorporated, Omaha, Neb. One of 29 similar Omar installations in 6 states.



With DeVilbiss Spray Guns, you easily coat any surface, rough or smooth, flat or irregular, with a uniform, fully covering film of any thickness. By spraying, you apply protective coatings 4 times faster with cost-savings up to 50%.

sensible to...

# CORROSION PAY FOR THE DAMAGE?

DeVilbiss Spray Guns combat the ruinous effects of nature — with surprisingly effective results.

Deterioration damage to wood, metal, textiles, leather and materials of all kinds is estimated to exceed \$10 billion a year! Metal corrosion alone accounts for a whopping \$6 billion!

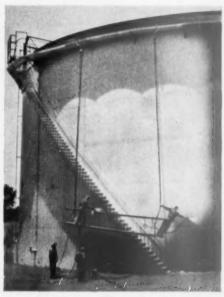
How can you reduce your share of this staggering total?

Apply protective coatings — special paints, tar-base coatings and new synthetic resin compounds—with DeVilbiss Spray Equipment!

Besides saving you thousands of dollars each year in corrosion damage, you benefit further from the great speed and cost-saving of DeVilbiss spray methods in applying protective coatings.

Girders, beams, pipes, structures of all kinds can be spraypainted in a fraction of the time it takes with a brush. Big capacity DeVilbiss Spray Guns force material into every crack and crevice — bring maximum protection. Time-tested DeVilbiss Guns assure perfect jobs with any spray coating.

Free schooling for spray operators as well as technical assistance by research engineers are all a part of DeVilbiss service in keeping you up to date on new methods, materials and equipment to fight corrosion. Call your local DeVilbiss supplier or our branch office or factory. They are listed in the yellow pages of your phone book.



Spraying this huge tank cuts painting time from days to hours. Painting at regular intervals keeps corrosion damage down.

# THE DEVILBISS COMPANY, Toledo, Ohio

Windsor, Ontario

London, England

Santa Clara, Calif.

BRANCH OFFICES AND DISTRIBUTORS IN PRINCIPAL CITIES THROUGHOUT THE UNITED STATES, CANADA AND THE WORLD



One-man Spray-Painting Outfits for heavy duty painting DEVILBISS

# **MOBILIFT** "Stand-Ups" Stand Out!



MOBILIFT Stand-Up type Fork Lift Trucks Stand Out for efficient, low-cost materials handling in warehouses, terminals and plants because they get more work done faster.

- HERE'S Why: 1 The operator gets on and off an ample size platform in a second
  - MOBILIFTS are agile. Compact design, short over-all length, and MOBILIFT  $360^\circ$  steering mechanism makes ZERO inner turning radius and  $57^{\prime\prime}$  outer turning radius possible (2,000 lb. model "E"). MOBILIFTS are long-time favorites for close, congested working great.
  - LEV-R-MATIC push-pull controls speed all movements. NO GEARS TO SHIFT... push-pull levers for forward-back movement, elevating and tilting.
  - MOBILIFT air-ceoled 3-cylinder engine delivers abundant, reliable power. Compact, precision-balanced, accessible for economical operation with minimum repair and service.

Let a MOBILIFT Sales Engineer show you why MOBILIFT Stand-Ups in your business will Stand Out! Write or wire MOBILIFT for complete information today. No obligation,



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2730 San Pablo Ave., BERKELEY

# **READERS REPORT**

## Tariffically Speaking

Dear Sir:

Your article (Can There Be One Voice for Business?) introducing U.S. Secretary of Commerce, Sinclair Weeks [BW-Apr.4'53,p150] as the man who may have to speak for business, points up the problem of tariff policy very clearly, and at the same time makes a revealing picture of the man who must speak out for business in solving this problem. . . .

Watching the news from Washington closely as I have, this is the clearest statement of the tariff issue of today that I have yet seen. You touched the tender spot in your reference to the "difference in foreign and U.S. wage rates." This difference is the real basis of our claims to tariff protection

in the U.S.A. .

Possibly a pool could be arranged, of the credit-abilities of the combined members of the British Commonwealth and the U.S.A. from which Britain could be permitted to borrow, temporarily, sufficient new credit to enable her to pay doubled wages for a period of perhaps five years. This boost to British buying power should by that time make itself felt throughout the entire English-speaking group of economies as an increased demand for new production. Such a pool could perhaps be arranged through a customs union. or an international credit union of these nations. It would ease the responsibility of American industry and the taxpayers for the extension of further aid by stimulating trade between the entire English-speaking population of the earth. . . .

BRUCE B. JOHNSON

PASADENA, CALIF.

# Rocking the Tax Boat

Dear Sir:

It seems to me that Little Rock auto dealer Ernest Bailey has done a real service to the nation in focusing attention on the inequitable federal tax on automobiles [BW-Apr.25'53,p134]...

The various states ought to take heed and buck the bureaucrats in Washington. This could be done by duplicating the Little Rock deal. . . . It has always irked me to see the bureaucrats go over the products of our economy and single out those which are of good value and then latch on a discriminatory tax. . .

It seems to me a 1% federal sales tax on all products at the retail level would be much more equitable. It would give efficient product line producers an incentive to produce still more efficiently-without fear that their prod-

# stamping costs are going down...

# DANLY PRESSES do it!

#### JEFFREY MANUFACTURING COMPANY REPORTS:

- 50% faster production
- 200% longer die life
- greatly decreased maintenance

The 200 ton Danly Autofeed Press shown here has been in continuous daily operation at the Jeffrey Manufacturing Company, Columbus, Ohio, for well over a year - without maintenance of any kind other than routine oil change. Steady performance like this and the faster stroking permitted by Danly's rigid, precise construction have raised average production of steel conveyor chain side bars from 3,000 per hour to 4,500 per hour. A story like this is typical of Danly Press performance in leading stamping plants throughout the country - and proof that Danly Presses reduce stamping costs!

## DANLY MACHINE SPECIALTIES, INC.

2100 South Laramie Avenue, Chicago 50, Illinois



MECHANICAL PRESSES ... 50 TO 3,000 TONS HYDRAULIC METALWORKING EQUIPMENT



#### COMPLETE OIL LUBRICATION INCLUDING GIBS

Automatic oil lubrication of gibs permits extremely close alignment of slide and more accurate guiding of dies—greatly decreasing die wear. Clean filtered oil continuously supplied to all wear surfaces is only one of Danly's outstanding



In the setup shown here, alloy steel side bars 5/16" thick are blanked and punched in a multiple stage die at a high rate of speed. Dies like these last 200% longer in Danly Presses. In one case, dies formerly producing 10,000 pieces are now producing 30,000 pieces before grinding is necessary,

# It costs less to run a DANLY PRESS!







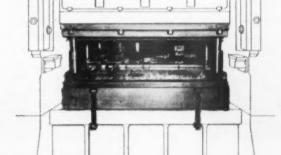






Underdrive Gap Frame

Straight Side





Back of the good performance of Lamb Electric Motors is our 38 years' experience in the small motor field.

Typical of the many products for which we have designed and built special application, fractional horsepower motors are aircraft components, business machines, home appliances, industrial and commercial equipment, machine tools and portable electric tools.

Our long and specialized experience working with manufacturers to provide a motor with the exact requirements for the application is available to help solve your motor problems.

The Lamb Electric Company • Kent, Ohio
In Canada: Lamb Electric — Division of Songamo Company Ltd. — Leaside, Ontario

THEY'RE POWERING AMERICA'S JINEST PRODUCTS

Lamb Electric

uct will be singled out for unjust discriminatory taxation.

JOHN P. HOFER

SAN JOSE, CALIF.

## Bossy Strongly Objects

Dear Sir:

I noticed in your Apr. 25 issue on page 182 that the new style Good Luck Margarine package displays a "tasty slice of buttered toast in full color." I am completely confused. Buttered? ??

WILLIAM E. DOSCHER NEEDHAM, LOUIS & BRORBY, INC.

CHICAGO, ILL.

Dear Sir:

... The writer should have said "margarined toast" or "oleod toast" but never "buttered" toast.

PARKER D. SANDERS

THE SANDERS FARMS REDWOOD FALLS, MINN.

#### One on the House

Dear Sir:

Aside from the easy-to-read stories in your magazine, I find the pages of advertisements are instructive features seldom commented on by your readers.

Here at Schmidt's Farm where thousands of top businessmen come for relaxation and sport, we keep a copy of business week handy because it covers almost all news of interest to them and settles many a friendly argument at our bar.

As one of the bartenders, I naturally participate in these discussions, and when the going gets rough, I drag out your magazine as convincing proof that my contributions to the discussion are

timely and factual.

Last week we had a large group of executives from one of your big advertisers. I spread business week on the bar, showing a two-page ad of their product. Apparently, one of the top men had not previously seen the ad and he was so delighted that he ordered drinks for the house. Before they left, every page of the magazine was fine-combed and lively debates were the order of the day. It sure was profitable to us, for which many thanks.

HENRY E. NOONAN

SCHMIDT'S FARM SCARSDALE, N. Y.

# Not for the Lay Mind

Dear Sir:

I've noted two mistakes in your otherwise excellent story on New Dimensions Perk Up Hollywood [BW—Mar.14'53,p122].

The first is on page 124 where you mention 3-D being shot with polarized filters. It is not necessary to film 3-D



Johns-Manville Asbestos Movable Walls permit quick, economical space changes—provide modern, efficient offices!

YOU can rearrange your present space or have new space partitioned off quickly and economically with Johns-Manville Asbestos Movable Walls. There is little or no interruption of normal routine.

These flush-type, asbestos panels have a clean, smooth surface that's hard to mar, easy to maintain . . .

and extra strong to withstand shock and abuse. Also, they are light in weight, easy to install and relocate. The "dry wall" method of erection assures little or no interruption to regular routine.

Johns-Manville Asbestos Movable Walls may be used as ceilinghigh or free-standing partitions. The complete wall, including doors, glazing and hardware, is installed by Johns-Manville's own construction men under the strict supervision of trained J-M engineers . . ; responsibility is undivided.

An estimate will convince you that the cost of J-M Movable Walls compares favorably with other types of wall construction. For details write Johns-Manville, Dept. BW, Box 60, N. Y. 16, N. Y. In Canada write 199 Bay St., Toronto 1, Ont.

JM Johns-Manville ASBESTOS

ASBESTOS Movable Walls

INSTALLED NATIONALLY BY JOHNS-MANVILLS





# Now...for the first time you can LEASE Sound and Paging Systems for Factory • Office • Institutions

Whatever your company's intercommunication needs may be-from the simplest interoffice telephone hook-up to a complete music, voice paging and "talk back" system for a huge factory, hotel, school or hospital -you can now have the world's best equipment on the same basis as you have local telephone service!

And you can easily, without obligation, find out how your needs can be answered. A Stromberg-Carlson trained expert will gladly survey your needs-come back to you with a complete engineering proposal-and outline a lease arrangement whereby the entire system will be installed, serviced and maintained for not one penny capital investment!

# 4 points to consider:

- 1. You need not borrow or appropriate a single cent for capital investment.
- 2. There's no obsolescence problem throughout the whole term of the leaseno "write-offs."
- 3. Such a system will contribute to efficiency and employee morale alike.
- 4. Expert engineers, not on your payroll, will keep your system in tip-top shape.



Executive telephone intercommunication



Paging and music or nnouncement systems



Factory-to-warehouse



Complete systems for schools

Send Coupon Today for a Free Survey

I'm interested in knowing more about leasing a sound system. Please have a representative call. I understand that this request entails absolutely no obligation on my part.

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Sound



Division

1202 Clifford Ave.

Rochester 3, N. Y.

Company Name

Signed by..... Title..... with polarized filters. . . . The purpose of polarized filters is to make sure the viewer sees the proper picture for each eve. This is necessary only during

projection of the film.

The second mistake is on page 128, where you state that Metro's Audioskopics were "shot" through red and green filters. If this were so, each eye would see a picture, not only shot from a different viewpoint, but also having a different color value from the other. since red and green photograph differ-

This confusing composite, seen through red and green glasses, would pose a serious problem for the viewer. His ocular nerves would not only conflict because of one red and one green image, but further, these two images would not have even similar color values

before projection.

I feel sure the situation then was the same as now: the red and green filters

were used in "projection" only.

JAMES D. ROEHM ELECTRICAL ENGINEER BATTELLE MEMORIAL INSTITUTE COLUMBUS, OHIO

· You're right. Proofreaders inadvertently "shot" our "projected."

## Somewhat Risky

Dear Sir:

In one of your recent issues you mention that streetlights may now easily be turned off by radio BW-Mar.21'53,p68]. You further comment that this method is cheap, efficient, and very handy for civil defense. You say that the signal to turn the lights on or off can easily be broadcast over existing stations. I would like to know just how this would aid civil defense. I realize lights could be turned off by radiobut what will prevent the attacking airplanes from broadcasting the signal to turn the lights on again? I do not believe that the lights would stay out. I think that the result of being turned off by us and turned on by the attacker would make the streetlights flash like neon lights to guide the enemy.

I think the system may be usablebut for civil defense I can't see it.

PETER T. SCHLEISSNER

LOS ANGELES, CALIF.

• There is a very slim possibility that the enemy might turn the lights on again, but this could be corrected by changing the electronics, if it should become necessary. At present, the enemy would have to know what frequency was being used, what variation of power was needed to cause the change, and various other electronic To achieve the same effect from an approaching airplane would be difficult, at best.

WITH THE RIGHT ABRASIVES

# Your men can have the "TOUCH of GOLD"



The "Touch of Gold" is the "engineered in" superiority of Norton and Behr-Manning Abrasives. They help your men do better, more accurate, more productive work because they are the best abrasive tools for every grinding and finishing application. With Norton and Behr-Manning Abrasives your men have the true "Touch of Gold" which adds value and profit to every grinding job.

Norton Company, Worcester 6, Mass. Behr-Manning Corporation, Division of Norton, Troy, N. Y. Plants, distributors and dealers the world over.



A "Touch of Gold." A new G Bond Norton Wheel on a Norton Crankpin Grinder finishing a giant diesel locomotive crankshaft... gives the operator the "Touch of Gold."



A "Touch of Gold." Behr-Manning's RESINIZED® METALITE® Cloth Belt is being used to polish contours on wood chisels. Fast, smooth, profitable...gives workers the "Touch of Gold."

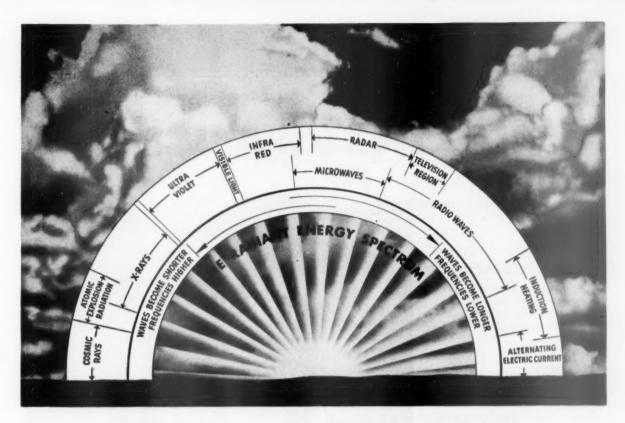
Making better products to make other products better



NORTON BEHR-MANNING



# PURE PURE OIL INDUSTRIAL LUBRICANTS



# This is our HORIZON

This is the "radiant energy spectrum"—the horizon for the 1600 professional engineers engaged in research and engineering at Sylvania's more than 40 plants and 16 laboratories.

This is the broadest possible horizon in the electrical industry, since its basis is the activity of the atomic particles comprising every substance. This activity releases energy in the form of electro-magnetic waves, varying widely in length and frequency, depending upon their source. As shown above, the spectrum is a scale indicating this wide variety, its regions representing TV and radio signals, electric light, radar, infra-red heat, etc.

The research and development under way at Sylvania's laboratories reaches, in some way, into virtually every phase of this spectrum. In the broad fields of lighting, radio, electronics, television, Sylvania engineers are constantly developing new techniques, finding new knowledge—to meet the future needs of home and industry.



Television is one of the major research projects under way at Sylvania's Research Center, Bayside, L. I., New York.

# SYLVANIA

Sylvania Electric Products Inc., 1740 Broadway, New York 19, N. Y.

LIGHTING • RADIO • ELECTRONICS • TELEVISION

In Canada: Sylvania Electric (Canada) Ltd., University Tower Building, St. Catherine St., Montreal, P. Q.

# PAINT INSURANCE

#### CHEMICAL PROBLEM . . .

... to produce a superior thinner that would make paint easier to apply, and obtain maximum coverage without harming the quality of the finish.

#### SOLUTION ...

... Hercules® Turpentine. Available for over 30 years, it is rated as the highest-quality type thinner for oil paints. Hercules Turpentine meets U. S. government specifications for pure spirits of turpentine. The first turpentine to be packaged in cans, it is available in pint, quart, gallon, or five-gallon orange-and-black containers.

#### RESULT...

... painted surfaces that look better and last longer. Many painters and householders prefer Hercules Pure Spirits of Turpentine because it blends easily and evenly, keys the paint to the surface. Representing less than two cents of the paint dollar, this high-quality turpentine is sound insurance against paint failures caused by inferior thinners.



# Hercules' business is solving problems by chemistry for industry . . .



... insecticides, adhesives, soaps, detergents, rubber, plastics, paint, varnish, lacquer, textiles, paper, to name a few, use Hercules® synthetic resins, cellulose products, chemical cotton, terpene chemicals, rosin and rosin derivatives, chlorinated products and other chemical processing materials. Hercules® explosives serve mining, quarrying, construction, seismograph projects everywhere.

HERCULES

HERCULES POWDER COMPANY 968 Market Street, Wilmington, Del.
Sales Offices in Principal Cities

# **BUSINESS OUTLOOK**

BUSINESS WEEK MAY 23, 1953



Washington took over the molding of your business news this week.

President Eisenhower's appeal to keep tax rates where they are, at least for the rest of 1953, held the headlines (page 27).

Less dramatic, yet significant, was the Treasury decision to refund \$5.7-billion of maturing debt with a short-term issue (page 128).

Delay on tax cuts (if, indeed, Congress will agree to delay) will disappoint many. However, the timing may be good from the standpoint of the over-all economy.

Lower levies now could delay "adjustments" that may be essential.

The boom should not be spoon fed for too long. Inventories could get out of hand. Pyramiding causes hard-to-doctor collapses,

Taxes, in pure theory, should sop up loose cash during a boom to (1) bolster federal revenues, and (2) prevent speculative excesses.

Then, when things turn, rates should be cut to ease the slump.

Few politicians, though, have the gumption to follow this simple line. When revenues are high, they cut taxes rather than pay debts; the federal debt would be much smaller now if we had taxed more since 1945.

Rationalize the need for high taxes as much as you like, however, and it still doesn't make them easier to pay. There unquestionably is a level at which they stifle initiative, become confiscatory.

And, if Congress heeds Eisenhower's demand, business will feel it. Some people already are spending tax savings that haven't been voted.

Wall Street was something less than hilarious on the tax news.

Earlier, brokers and investment advisers had urged clients to buy stock of "tax-cut beneficiaries." Statisticians worked up lists showing stocks' per-share earnings on the assumption of a tax windfall.

Then came word, Tuesday morning, of what Eisenhower was going to ask. Moderately heavy selling at once pared stock prices.

But there were skeptics. Those who doubt that Congress can be held back on the proposed tax cuts did enough buying to steady the market.

Washington's decision to carry out the Treasury's June financing on a short-term basis was no surprise.

This money market is too tight for normal long-term borrowing. The Administration saw that this was no time to proceed with its program of lengthening and rescheduling Uncle Sam's debt maturities.

Money market circles got one surprise from the Treasury financing: It's rich enough so that Wall Street mouths watered. The Street expected 15-month 2½s; Secretary Humphrey offered 12-month 25%s.

That's sweet. But remember this: It turns investors' heads; they will be expecting you to pay a bit higher rates on corporate loans.

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK MAY 23, 1953

Investors are getting tougher and tougher about the interest rates they want—especially the institutions with big money to lend.

In the last few days, there have been three utility issues, all of which carried the "A" rating. One was priced to yield an even 4%, and it met with a very favorable reception, selling out at once.

But the two others were priced so that their yields shaded 4% by the thinnest of margins. Institutional investors turned their backs.

We are now rounding out another month of business activity roughly matching the high levels of March and April. Signs of a letdown, if you are looking for them, still are confined to those few lines about which there has been much talk—TV and a few other consumer items.

Steel production this week again is scheduled a shade over 100%.

Mark this, though: May will not break the March record, as had been so freely predicted earlier. Output has been running just over 21/4-million tons a week; March averaged about 1% higher.

And, although holidays can't be observed in basic steel production, Memorial Day probably will shave the month's output a mite.

Auto output for May will be the highest for any month this year.

However, it may not quite make the 600,000 cars that many had thought would be turned out easily this month. Once again strikes are nipping away at the production of several manufacturers.

This will prevent the industry from turning out in the second quarter the 1.9-million to 2-million cars that seemed likely earlier.

Demand for electric power, which reflects the high rate of factory operations, continues at record levels for this time of year.

Output last week was just under 8-billion kwh. The gain over a year ago was almost 12%. That's a pretty satisfactory margin (even though a couple of recent weeks have posted gains of better than 14%).

Long-range views on power needs aren't quite unanimous.

Consolidated Edison (New York) this week informed stockholders it isn't ordering equipment beyond additional capacity now being installed.

President Hudson R. Searing expressed some caution on business prospects.

However, Philip Sporn, head of American Gas & Electric, says "saturation in demand for electric power is nowhere in sight."

Most utilities, in budgeting expansion, seem to agree with Sporn.

Construction activity is high, but it hasn't been vigorous enough to ward off some troubles in green fir lumber. The price has slid \$5 a thousand in recent weeks.

The open winter and big inventories are held to blame.

Housing starts in April, at 110,000, were 4% over a year ago. That brought the four months to 356,000, ever so slightly ahead of 1952.

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# Traffic lanes

... bring you in contact with all the world when you "Set your Site" in **Greater Philadelphia** 



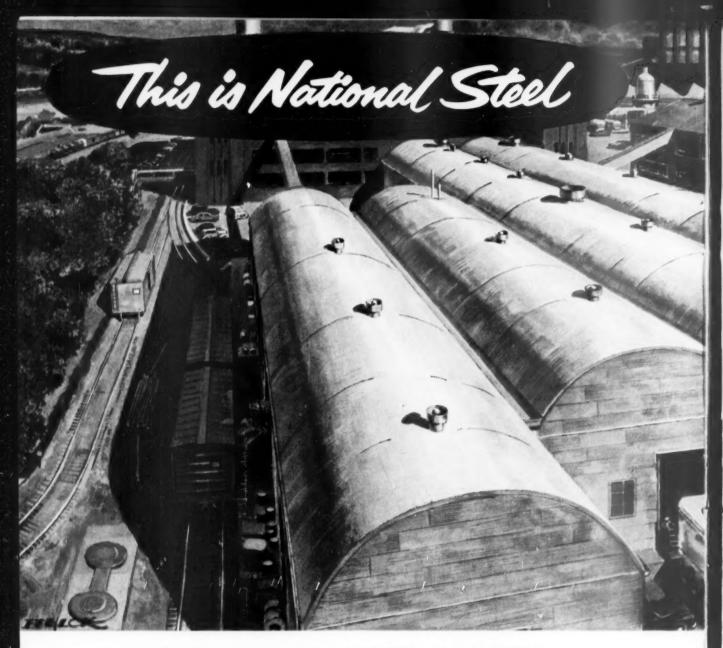
Greater Philadelphia is the meeting place of rail and highway with the sea lanes of the world. It is a growing center for international trade. Through its port pass nearly one and a half million tons of cargo each week. Trucks and trains provide overnight delivery to a third of the nation. More than twenty million people live within a hundred miles; and important raw materials are in its very

back yard. Ample electric power is available, and the supply is geared to present needs and future expansion of this great area. For those who have things to make, sell, or ship... Greater Philadelphia is today's best answer.



PHILADELPHIA ELECTRIC COMPANY

serving the world's greatest Industrial area



# Industry finds greater utility and efficiency in National's Long-Span Multiple buildings

From coast to coast, companies seeking industrial plant expansion in a hurry are finding the answer in the Long-Span Multiple!

A product of the Stran-Steel division of Great Lakes Steel, originators and sole makers of world-famed Quonset buildings, the Long-Span Multiple is adaptable to any site or to any application. It is all steel, with straight side walls and arch roof for a maximum amount of unobstructed interior space. It is a quality building featuring arch ribs and trusses of famous N-A-K HIGH-TENSILE steel for long life, strength and economy.

Surveys of businesses across the country show that the Long-Span Multiple can satisfactorily meet the requirements of over 80 per cent of manufacturing, light industry and warehousing operations.

All-steel buildings are only one of many National Steel products that serve many industries in many ways. In addition to National's large output of standard steels, its diversified operations provide special carbon steels for the automotive industry; tin plate for the canning industry; zinc-coated steel for the home appliance industry; low-alloy sheets and fabricated steel flooring for the railroad and trucking industries; steel framing for the building industry.

This, then, is National Steel—completely integrated, entirely independent...one of America's leading steel producers.

NATIONAL STEEL
GRANT BUILDING



CORPORATION PITTSBURGH, PA.

AN INDEPENDENT COMPANY OWNED BY MORE THAN 19,000 STOCKHOLDERS



SEVEN GREAT DIVISIONS WELDED INTO ONE COMPLETE STEEL-MAKING STRUCTURE



GREAT LAKES STEEL CORP.

Detroit, Mich. A major supplier of standard and special carbon steel products for a wide range of applications in industry.



WEIRTON STEEL COMPANY

Weirton, W. Va. World's larg-est independent manufacturer of tin plate. Producer of many other important steel products.



STRAN-STEEL DIVISION

Ecorse, Mich. and Terre Haute, Ind. Exclusive manufacturer of famous Quonset building and Stran-Steel nailable framing.



HANNA IRON ORE COMPANY

Cleveland, Ohio. Producer of iron ore from extensive holdings in the Great Lakes area.



THE HANNA FURNACE CORP.

Buffalo, New York. Blast fur-nace division for production of various types of pig iron.



NATIONAL MINES CORP.

Supplies high grade metallur-gical coal for the tremendous needs of National Steel mills.



#### NATIONAL STEEL PRODUCTS CO.

Houston, Texas. Warehouse and distribution facilities for steel products in the Southwest.





**STARTING POINT** for safety in your business is this *new* kind of truck . . . the White 3000.

Its functional design wins the preference of drivers everywhere because of its outstanding visibility, driving and maneuverability advantages. And White Mustang Power assures a power reserve for all kinds of road and load conditions.

THE WHITE 3000 sets a new safety and payload standard for the moving and storage industry. Its shorter wheelbase permits its use with 35 ft. trailer within 45 ft. overall length limit. Power-lift cab substantially reduces maintenance costs.

# THE WHITE MOTOR COMPANY

Cleveland 1, Ohio

FOR MORE THAN 50 YEARS THE GREATEST NAME IN TRUCKS



# FIGURES OF THE WEEK

1923-25=100			1	923-25=1	00-
270			~		270
240					
240					240
210					210
~ ~	1953				
180					180
150					115
1949 1950 1951 1952	FM	M	'J' A' !	5 0 N	D 130
	§ Latest	Preceding	Month	Year	
Business Week Index (above)	Week	Week	Ago	Ago	Avera
Dusiness Week index (above)	· *259.1	†258.8	260.3	236.0	173
RODUCTION Steel ingot production (thousands of tons)	2.259	12,262	2,276	2,134	1,28
Production of automobiles and trucks	178,018	1179,621	162,171	129,914	62,8
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$48,567	\$49,831	\$45,839	\$46,910	\$17,0
Electric power output (millions of kilowatt-hours)	7,959	7,897	8,113	7,110	4,2
Crude oil and condensate production (daily av., thousands of bbls.)	6,359	6,335	6,281	N.A.	4,7
Bituminous coal production (daily average, thousands of tons)	1,469	1,458	1,410	1,338	1,7
RADE					
Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars)	75	78	75	72	
Carloadings: all other (daily av., thousands of cars)	52	52	46	51	
Department store sales (change from same week of preceding year)	+9% 198	143%	-13% 165	+6% 154	+30
RICES					
Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)	417.8	416.6	416.2	436.8	311
Industrial raw materials, daily index (U. S. BLS, 1947-49 = 100)	86.9	86.8	87.0	100.8	1173
Foodstuffs, daily index (U. S. BLS, 1947-49 = 100)	89.7	88.9	88.5	94.5	1175
Finished steel, index (U. S. BLS, 1947-49 = 100)	133.5	†132.5	130.7	124.9	1176
Scrap steel composite (Iron Age, ton)	\$38.17	\$38.66 29.970¢	\$41.00	**\$42.00 24.500e	\$20.2 14.045
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	30.000¢ \$2.38	\$2.38	30.065¢ \$2.32	\$2.42	\$1.04
Cotton, daily price (middling, ten designated markets, lb.)	33.61e	133.30e	32.79e	38.58¢	30.50
Wool tops (Boston, lb.)	\$2.11	\$2.10	\$2.10	\$2.05	\$1.5
INANCE					
90 stocks, price index (Standard & Poor's)	197.0	197.3	196.0	187.7	135
Medium grade corporate bond yield (Baa issues, Moody's)	3.78%	3.76%	3.65%	3.49%	3.059
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	21-21%	21%	21%	21-21%	3-19
ANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	53,346	53,352	53,542	52,662	1145.83
Total loans and investments, reporting member banks	75,809	76,238	76,925	74,157	1172,03
Commercial and agricultural loans, reporting member banks	23,083	23,139	23,287	20,874	119,29
U. S. gov't guaranteed obligations held, reporting member banks	29,040	29,185	29,622	31,854	1149,87
Total federal reserve credit outstanding	25,831	25,443	25,549	23,764	23,88
ONTHLY FIGURES OF THE WEEK		Latest Month	Preceding Month	Year Age	1946 Averag
Employment (in millions)		61.2	61.5	60.1	55.
Unemployment (in millions)		1.6	1.7	1.6	2
Bank debits (in millions)		\$145,641	\$153,511	\$134,145	

Preliminary, week ended May 16, 1953.
 Basing pt., less broker's fee.
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\$812

\$412

Exports (in millions)
 March
 \$1,378
 \$1,196
 \$1,447

 Imports (in millions)
 March
 \$1,004
 \$865
 \$964
 A Date for "Latest Week" on each series on request. N. A. Not available.

# in BUSINESS this WEEK ...

#### GENERAL BUSINESS:

APPEAL	LING	TO	THE	PEO	PLE. C	Congre	ess v	wants
taxes cu								
done if								
defense								p. 27

IS PEACE—OR A TRUCE—IN SIGHT? Big Four talks seem likely, but results are doubtful. p. 30

BLOCK AT	A TIME. I	Rebuilding i	s Waco's	answer
to recovering	g from a	tornado		p. 31
THE OIL IN	DUSTRY	SHOWS I'	rs Musc	LES IN

AEC: TOUGH NUT FOR SAVINGS. Defense cuts dop't seem to go deep.............p. 34

Business Briefs .....p. 36

#### BUSINESS ABROAD:

CAN	THE	WEST	POOL	ARMI	ES?
Germo	my's	approv	al of the	Europ	ean
Defens	se Co	mmuni	y has	stirred	op-
timism				p.	144

PERU OPENS NEW OIL LANDS. Fields are being explored in Sechura Desert and Amazon jungle...p. 146

BUY AMERICAN . . . laws have foreign companies dizzy. They wish the Administration would clarify its policy . . . . . . . . . p. 149

# Business Outlook 17 Washington Outlook 39 International Outlook 141 Personal Business 163 The Trend 180 Figures of the Week 23 Local Business 136 Readers Report 8

# THE "ELECTION MARKET": A SAMPLING ......p. 135

#### COMPANIES:

HUGHES AIRCRAFT CO.: PLUM FOR SALE? It's rumored the firm, which has made big strides in electronics, will be sold to Lockheed.p. 85

WRAPPING A FACTORY AROUND THE PROCESS LAYOUT (cover). GVR combines the functions of engineer and architect......p. 94

REVERE CAMERA IN STEREO FIELD. It's further proof of Sam Briskin's eye for opportunity....p. 104

IN BUSINESS FOR RESEARCH. Experiment, Inc., makes a profit out of highgrade tinkering.....p. 107

#### FINANCE and MARKETS:

BULLS SAY THE STAGE ISN'T SET FOR A DECLINE YET. In the past, bond declines have heralded the end of booms.....p. 124

ALEXANDER SMITH RECUPERATES. Sale of Sloane-Blabon, its hard-surface unit, should give carpet maker a second wind.....p. 130

#### INDUSTRIES:

PARAKEETS: A FAD MAKES SMUG-GLING PAY. Popularity of birds has fostered a new racket.....p. 82

#### INSTITUTIONS:

#### LABOR:

BEHIND THE DOOR: STEEL MEETS LABOR. Initial bargaining is under way but there are no firm results yet .....p. 150

DOUBLE TROUBLE. CIO suspects packers' union of Communist influence, and intent to join AFL. p. 152

UNIONS SWITCH THEIR STRAT-EGY. They'll use more social as well as economic arguments to pull in members ......p. 154

#### MANAGEMENT:

MANAGEMENT PAY: TREND LEV-ELS OUT. Earnings slip shows up in top pay as boosts get smaller, cuts bigger .....p. 110

TIME TO LEAVE. Inland Steel's Ryerson backs plan requiring directors to step down because of age...p. 120

#### MARKETING:

WHO'S GOING TO FOOT THE BILL? Advertisers wonder where money will come from to meet TV's rising tab ......p. 43

HOW TO PUT LIFE IN A SLOW MARKET. Patrick Frawley showed the knack with the Paper-Mate pen . . . . . . . . . . . p. 46

#### PRODUCTION:

BELL ENGINEERS AIM FOR AN ALL-AUTOMATIC SYSTEM. Automatic devices do the operator's job...p. 62

NEW JOB FOR PREFABS: BUILDING OFFICES IN A HURRY. Mobilhome Corp. has a foot in new field of prefabricating commercial units...p. 68

NEW PRODUCTS...........p. 74

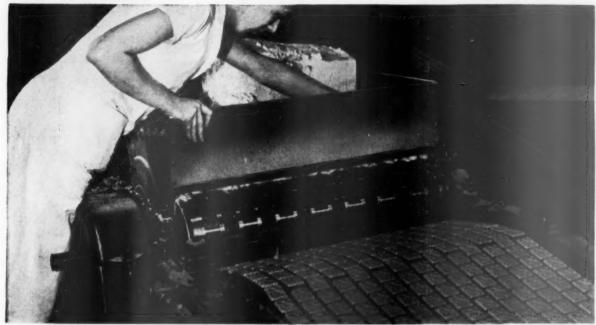
#### TRANSPORTATION:

SHAKE-UP IN AIRLINE ROUTES.

CAB's more-competition policy may
cut into Big Four's profits....p. 176

#### WHAT IT'S ABOUT

# FINISHING



METAL-CYLINDER "COOKIE ROLLS" like this one turn out an endless parade of clean-cut cookies when molds are coated with TEFLON Finish.

# Cookie molds with TEFLON finish make a better impression

Du Pont's new TEFLON polytetrafluoroethylene finishes have a unique quality: practically nothing will stick to them. This property—plus its chemical inertness and extreme resistance to high and low temperatures—is helping industry reduce production costs and save labor.

A bakery in New Jersey had a serious problem in the production of intricately designed cookies. The cookies very often stuck in the molds on the "cookie roll," or dropped out in pieces. To keep the designs clear the molds had to be cleaned often—a careful, time-consuming chore. Then the rolls were coated with Du Pont TEFLON. Now the cookies always drop out cleanly and carry a sharp impression. There are almost no rejects.

Another bakery installed a forming roller finished with TEFLON to handle dough in making of fraction of an ounce oyster crackers. The day after the roller was put in, production increased 1,500 pounds.

Du Pont TEFLON finishes have many other important industrial applications; they are among the 12,000 formulas for Du Pont Finishes at work in industry today. If you want to cut production costs, or make a product sell better, work better, or last longer, contact the Du Pont Sales Technician in your area or write to E. I. du Pont de Nemours & Co. (Inc.), Finishes Division, Wilmington, Delaware.



HUNDREDS OF FEET UP on a bridge, painters work swiftly with DULUX Metal Protective Paints. DULUX has given up to 15 years of protective service on exposed structural steel.



FAMOUS Quality DUCO Lacquer and DULUX Furniture Finish on fine pieces put a gleam in the customer's eye . . . have helped furniture retailers clinch millions of sales.

# **Du Pont Industrial Finishes**

Chemically engineered to do the job better.



BETTER THINGS FOR BETTER LIVING

DUCO AND DULUX ARE REG. U. S. PAT. OFF.

Jas A (Mae) lab USS r rear 1612 Virgin Lee C (Sally B) hlpi Lois L Mrs h3320 Luther (Mine) lab Major () Mary r Patk h

-R. L. Polk, President, R. L. Polk & Co., publishers

# He has your name and address!

"We have the names and addresses of forty million people who own automobiles," says R. L. Polk, "—and that's only one of the ways we might have you listed!

"We release up to 2½ million advertising mailings a day to these lists. But kits, catalogs and displays—always subject to last-minute changes—must reach the dealers first.

"That's when we call on Air Express!

"For one auto manufacturer, we recently made Air Express shipments to 3,000 dealers, not once but three times, just before the new model announcement date. Every one of those shipments had to be on time—and every one was!

"Only Air Express could have done it. Yet their rates are not only reasonable — in many weights and distances they are *lower* than other air carriers.

"We have made upwards of 35,000 Air Express shipments over the past four years, ranging in weight from a few pounds to more than a thousand. This top-speed, dependable low-cost service helps us give maximum service to our advertisers. Our use of Air Express will increase another 27% this year."

It pays to express yourself clearly. Say Air Express! Division of Railway Express Agency.



May 23, 1953



President Eisenhower sought a way out of a dilemma this week by . . .

# Appealing to the People

Congress wants to cut taxes—but Eisenhower doesn't see how it can be done if, at the same time, he's to balance the budget and maintain national defense.

President Eisenhower has joined battle on the issues of taxes and spending. Finally, he has told Congress and the people what he has been reluctant to say—that the budget can't be balanced right away, so taxes stay high.

It's Eisenhower's first real test of Administration power in Congress since Inauguration Day. Until Tuesday night, he had been content to let Congress carry the ball on the big problems.

But when Congress' tack was to cut taxes—let the excess-profits tax expire June 30 and give individuals comparable relief—Eisenhower finally decided he had to step in. • Action—He stepped in by going to the voters—asking for continuation of EPT for six months, for continuing the 52% Korea rate on corporations indefinitely, and extending \$800-million a year of excise taxes as well.

At the same time, Eisenhower proposed that the extra 11% added to individual income taxes in 1951 be allowed to drop away as scheduled—on Dec. 31 this year. He also asked that a proposed hike in old-age-security taxes—from 1½% to 2%—be postponed pending further study.

If the President's program is carried out, here's what it will mean in dollars to business, individuals, and the gov-

Excess-profits tax extended six months: gives government \$800-million.

Corporate income tax increases extended indefinitely: gives government \$2-billion yearly.

Excise taxes extended indefinitely: gives government \$800-million yearly.

Social security increase deferred: saves employers \$560-million yearly, employees the same amount.

Individual income taxes reduced: saves individuals \$3-billion yearly.

Eisenhower's theme for support of this program: "We live in an age of peril."

Military spending can't be cut back more than \$2½-billion in the fiscal year starting July 1. That means the Treasury deficit can't be wiped out—or even whittled enough to bring a balanced budget "in sight" before fiscal 1955.

• In Congress—The program Eisenhower outlined in his radio address will have tough sledding in Congress. The appeal comes late, after the powerful House Ways & Means Committee has committed itself on excess-profits taxes and individual taxes, and after many a Republican and Democratic congressman has promised constituents they can look for relief this year.

Eisenhower is counting on the fact that his Congressional leaders—Speaker Joseph W. Martin and Senate Leader Robert A. Taft—are behind him. So are most Democrats, and they can tip the scales. And he is gambling that the voters who heard his speech will instruct their representatives to support

• Hurdles—There are parliamentary obstacles standing in his way. The House already has before it tax chairman Daniel A. Reed's HR 1—to let EPT die and chop off the extra 11% on individual taxes in the middle of this year, thus giving individuals a 5½% cut for 1953. The Constitution gives the House original say on revenue. So Martin must get some kind of tax bill through the House and to the Senate before Taft and Senate Finance Committee chairman Eugene D. Millikin can do anything to help.

Right now, Reed's inclination is to let Eisenhower stew. He threatens to do nothing about taxes until the EPT expiration date. Only then will he bring up a bill for the House to vote on.

So Martin must either (1) persuade Reed to go along loyally with the

Administration, or (2) run roughshod over Reed and bring up an EPT extender anyway.

· Budget-The arithmetic that forced Eisenhower to his reluctant decision is

simple:

· Former President Truman's estimate of \$68.7-billion in revenue for fiscal '54 is now considered to be high by about \$1.2-billion.

• The Administration found it could not slice military spending by more than \$2.5-billion without endan-

gering national security.

· There just isn't enough federal spending left outside the military and foreign aid to make reductions that would balance the budget-even come near balancing it-in the next 13 months.

· Eisenhower's income-outgo picture was this: spending down to \$73.6-billion, from Truman's \$78.6-billion. Income down to \$67.5-billion from Truman's \$68.7-billion.

So he asks Congress to give him roughly an additional \$1-billion in revenue for fiscal 1954 by extending the three taxes mentioned in his speech.

If his program is adopted, the Treasury will collect \$68.5-billion, according to current estimates, as against outgo of a little over \$73.5-billion-leaving a deficit of \$5-billion.

• Compromise-Eisenhower appealed to Congress to go along with him now, promised he would eventually get federal spending down to size and balance

the budget.

He gave this as the principal reason for not being able to achieve this right now: The huge military backlog of spending commitments, some \$63-billion, is going to take a couple of years to work off. Eisenhower is stuck with it: it's inherited from the Truman buildup after Korea.

All that he could do was refrain from piling more onto the carryover, and this he is attempting by cutting new money for the Pentagon by \$5.2billion. He plans to use this same method-whacking new money-in fiscal 1955 so that within the next two years military spending and military appro-

priations will be in line.

# Used Car Lag Puzzles Detroit

The automobile business is booming -as nobody will deny. But above the uproar, every now and then, you can hear voices crying that Detroit is outproducing the market. Arguments on this point have been going on all spring.

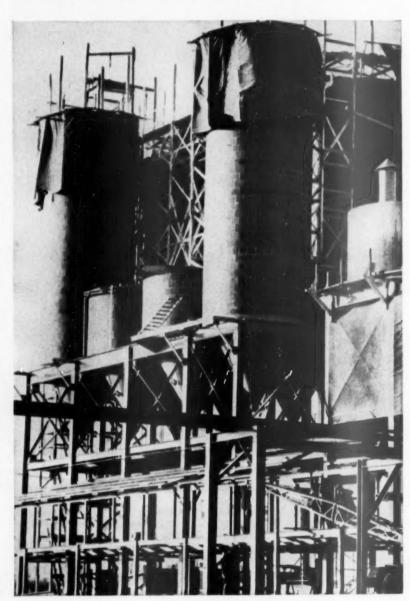
This week the smoldering debate got a new handful of fuel. The National Used Car Dealers' Assn. served up some statistics showing that nationwide sales of used cars are lower this year than last.

• The Figures-On a national basis, used car sales for the first quarter of 1953 were 5% below sales for the same period in 1952.

The story differs from region to re-gion. In the Midwest and Far West, sales were up. They were down 13% in the South, 16% in New England,

· Significance-What does this mean? Market students don't agree. Normally used car sales and prices move in fairly regular correlation with those of new cars. Thus, when used cars get hard to sell, it should mean that new cars are getting hard to sell, too.

But some observers figure that logic won't stand this year. They aren't quite sure why. They merely point to the fact that many manufacturerswho presumably know what they're doing-predict continued high volume during the second half of the year. In a sense, this year, people are buying new cars instead of used cars.



# Way Station on Road to Atom Bomb

There's many a step between the uranium mine and the atomic bomb, or the nuclear power plant. One step is refining the raw ore into highly pure metallic uranium. That will be the job of this \$78-million

refinery being built at Fernald, Ohio. Picture shows the still uncompleted storage silos that will feed the plant. Fernald will serve as a major supplier of uranium to Atomic Energy Commission installations.

# How High Will Steel Base Prices Go?

That depends largely on the outcome of the current wage talks-and on U.S. Steel.

But steelmakers are confident that steel is underpriced and intend to do something about it.

So even if there is no wage increase, you can look for some general price hike.

An across-the-board increase in steel prices this year is almost as certain as death and taxes.

Such a broad price boost will be piled on top of increases in extra charges for steel that have been announced at irregular intervals during the past month (BW-May16'53,p184). Three different times, for example, U.S. Steel Corp. has adjusted extras

-nearly all upward-for various types of steel products. Other producers have done the same. The only base prices of any importance to be disturbed so far were those for rails and track accessor-

· How Much?-What the amount of the general price boost will be is still uncertain. It will depend largely on the result of current wage negotiations. These have just barely been warmed up so it is not likely that the price hike

will come along for at least another month or two.

"How do we know how much money we will need?" is the counter question to any inquiry as to the probable size

following in the wake of a wage boost

of the price-lifting.

• It Depends-A look at what has happened in the postwar past, however, suggests that any increase in wage costs in the 15¢-an-hour area is likely to lead to a price rise averaging as much as \$5 a ton.

But, even if there were no increase given on wages, there will probably be some jacking up of base prices for steel products. That certainly will be the case if the demand for steel has not slacked off and buvers are still more interested

in supply than price.

• In Stride-Steel buyers generally are taking the price changes in extras without blinking their eyes. They knew this was coming for a long time. When steel prices were decontrolled earlier this year, everyone started to anticipate some boosts in prices. It was not too much of a surprise either that the extra cards got the first working over. Steel men have felt for a long time that the extra charges were unrealistic and out of balance. They let their customers know about it, too.

If you look at the announced revi-

sions on extras, you get an idea that on the whole they might amount to about a 3% increase in the price of steel. The finished steel price index issued by the Bureau of Labor Statistics has moved up from 130.7 to 133.5 in the past month. It does take most of the important extras into account as well as base prices, so it provides a fairly sensitive measurement of all price changes.

· Ordering Shifts-Steel company executives, however, claim that such arithmetic is misleading, since the changes in extras are expected to pro-

duce changes in ordering.

As an example, deep-drawing extras are up. A buver of sheets, therefore, is likely to investigate and perhaps decide that he can buy commercial sheets. without specifying the deep-drawing extras. In that way, the extra charge boost would not produce any more revenue in some cases, while it might in others.

· Fairer-One sure conclusion is that the revision of extra charges will improve the cost-price relationship, thus give the producer a fairer price for the services he performs and give the buver a truer idea of the relative worth of the

extra specifications.

The financial result of the extra price revisions probably will not be known for several months. In the meantime, steel producers are almost panting over the prospect of a hike in steel base prices. They know that if they can boost them, they are sure to benefit directly and won't have to wonder about the financial outcome as they are now doing about extras.

· Confidence-An atmosphere exists in the industry today that is quite unusual -a feeling that, by all measurements, steel is underpriced and that the steel makers intend to do something about it.

Ordinarily, there is a display of extreme hesitancy and trepidation when the idea of a steel price advance is broached. This goes back to the old teeling of caution on raising prices, and a fear of charging more for your product than your competitor does. If the industry won't play follow the leader on a price increase, you are in trouble, so goes the line of reasoning. On the other hand, you may lead the industry in reducing prices without worrying because your competitors are almost certain to follow.

· Enough Weight-That is why it is considered so important to have U.S. Steel, the biggest single element in the industry, take the lead in raising prices. Then you know that one-third of the total production at least is on its way, whereas a smaller producer, say with less than 10% of the total volume, can't swing enough weight to make a price increase stick.

This year, the determination to get higher prices is firm and pronounced. Steel makers feel that a fully compensatory increase for various steel products will be a necessary next step after any further increase in wage costs. They further feel that they are already behind on adequate pricing of their products because they feel they were gypped by Uncle Sam last year when they didn't get so big a price increase approved as they wanted.

# Engineer Shortage: Treatment But No Cure

Last week President Eisenhower received the results of one more learned peek at the shortage of scientific and engineering manpower. In a 263-page treatise on Policy for Scientific and Professional Manpower, the National Manpower Council followed a beaten path (BW-Sep.13'52,p62; Dec.6'52, p123) in offering suggestions to meet an admittedly grave situation, and then admitting that it had no magic cure.

NMC, which was set up by the Ford Foundation in 1951 at Columbia University's Graduate School of Business, listed five goals for man-

· More reliable information on human resources.

· Stronger educational institutions. An assured flow of students to the colleges.

· Greater opportunities for good students.

• Better use of existing scientific

and engineering manpower.

The council also urged the President to set up a commission representing government, industry, and the colleges to study the impact of growing federal research programs on university personnel. It recommended a more flexible reserve officers training program so that top-quality students could do graduate work, and suggested that the President review policies on the recalling of reserve officers to active duty.

# SINCE STALIN DIED - These Developments in the Cold War

DATES	COMMUNIST MOVES	WESTERN MOVES
Mar. 5	Stalin dies	
15	Malenkov starts peace offensive	
	Peking asks for Korean truce talks	
	Moscow backs Peking offer	
16		United Nations agree to truce talks
16		Eisenhower sets forth peace program
22	Reds open attack on Laos	
25	Russians launch trade offensive	
May 11		West invites Moscow to dis- cuss Austrian peace treaty
11		Churchill asks for Big Three talks
14	Peking balks at UN truce terms	

# Is Peace-or a Truce-in Sight?

For two months now the West has been trying to get the measure of the peace offensive that Moscow launched right after Stalin's death. The big question still is this: Do the new Soviet rulers really want an easing of international tension, perhaps even an end to the cold war? Or is the peace offensive just another tactical maneuver?

This week it is still true that no one in the West can answer that question with any certainty. That is true even in Western Europe although European hope for a cold war armistice is higher now than it has ever been, largely because of Sir Winston Churchill's confidence that some good would come out of top-level talks with the Russians. In the U.S. there is, if anything, more skepticism than a month ago, partly because of the standstill in the Korean truce talks.

• Some Light—Still, the developments of the past two months do put a clearer perspective on the infinitely complex problems that would be involved in negotiating a cold war armistice. Also they throw some light on the probable course of events—assuming that the Soviet peace offensive is not a sham. As things stand this week the situation can be summed up in four propositions:

 A truce in Korea is an essential down payment from the Communist side, just as it was two months ago. Without a truce, tension would rise, perhaps dangerously. A bigger war in Asia would become almost inevitable. • If there is a Korean truce, and especially if it is accompanied by promising talks on an Austrian peace treaty, a Big Four meeting is almost certain by the end of the year. Churchill's bid for talks with the Russians has put this question in the forefront of European thinking. Probably such a meeting wouldn't settle any big outstanding issues. But it might mark the turn from the cold war to a cold peace.

• Whether or not there is a Big Four meeting, it is going to be just about impossible to settle anything beyond Korea and Austria. Except perhaps in these two spots, there is no sign yet that the Communists intend to give enough ground to make agreement possible. That goes for Europe and even more for Asia.

· As East and West come to grips with problems like Korea and Austria, you may see less polarization of policymaking in the hands of Washington and Moscow. Hitherto almost all nations have had to be sharply anti-Communist or Communist: there has been no middle ground of opinion between the U.S. and Russia. Now a whole spectrum of political thought seems possible. Already there's something like a four-way debate on Korea-with Washington and London differing in public, Moscow and Peking in private. There are real differences between Eisenhower and Churchill on the value of holding Big Four talks any time soon.

Hardly anyone in the West doubts

that the Communists want a truce in Korea. For Moscow, the Korean war has been a costly and largely profitless adventure. For Peking, it was useful for a while in consolidating Communist power in mainland China, but for some time now Peking has been feeling the economic squeeze.

• How Much Crow?—True, it's still a question whether the Communists, especially the Chinese Reds, want a truce enough to back down a lot further on the prisoner issue. So far Peking hasn't given up trying for a deal with the United Nations that would, in effect, mean that Communist POWs would be forced in the end to go home.

This week the U.S. seemed to be shifting its position toward the Indian resolution that got U.N. approval last December. This resolution goes a long way to save face for the Chinese Communists but still gives POWs a chance for freedom if they want it. Apparently this U.S. shift is closing the gap that had opened between the U.S. and other U.N. nations with troops in Korea.

If the Western allies in Korea achieve a united front again and maintain it, the odds favor a backdown by the Chinese Reds sooner or later. Otherwise, Peking would face the prospects of a bigger war in Korea that might extend to Manchuria and perhaps to China itself. It's hard to see Peking, much less Moscow, relishing this prospect. It's still possible, of course, that'

the Reds will gamble that the new Administration's economy drive would force a disengagement policy in Korea.

· Big Four-A truce in Korea, if it comes, would immediately change the international atmosphere-probably so much that Big Four talks then would be in the cards.

True, Eisenhower has insisted that the U.S. expects Communist "deeds" in more places than just Korea before he will be ready for talks with the Russians. Right now the U.S. is officially taking the position that minimum conditions for Big Four talks include both a Korean truce and an Austrian peace treaty. Few U.S. officials expect Moscow to come through with an Austrian settlement in a hurry, if at all. There is even some doubt in Washington as to whether the Russians will attend the Austrian talks that the United States. Britain, and France have called for May 27.

On the other hand, it's pretty clear that London expects the Russians to be on hand and to show a more conciliatory attitude on Austria than they have in the past. That, plus a truce in Korea, would be the signal for Churchill really to push his idea of getting the U.S., Britain, and France together with Russia in a top-level powwow. Churchill would get overwhelming support in Western Europe.

Eisenhower then would have to decide whether to O.K. the plan or risk a serious split with our Western European allies. The chances are that he would go along, though with serious

reservations.

• Relaxation-Of course, such a meeting would have some advantages even if it produced only pious platitudes about how much each side desired peace. That in itself would be a further step in easing international tension, at least temporarily. It might also have its bad features from the U.S. angle. If the European Defense Community had not been ratified by this time, Big Four talks that were at all amicable would almost certainly kill it (page 144).

In any case, it's hard to see such a conference producing any agreements on the big European issues-German unity and Soviet occupation of Eastern Europe. The fact is that the new Soviet rulers don't seem in any mood for a big retreat. It's barely possible that they want some real accommodation with the West, say for a decade, while they turn inward to tackle some of their basic economic problems. Even so, such an accommodation wouldn't include any withdrawal from the East European satellites. At the most, it might involve a German settlement that would leave a united Germany largely independent as between East and West.

· Southeast Asia-As for a post-Korea Asian settlement, that looks even more remote. For one thing, there is no chance that Moscow's idea of easing international tension would extend beyond Korea to a hands-off policy in Southeast Asia. Indo-China probably looks to Peking like a sure catch sooner or later. The rest of Southeast Asia must also look wide-open to Communist penetration.

Add it all up and you can see the possibility of Big Four talks this year and considerable easing of international tension. But the chances of getting beyond East-West exchanges of stainless

steel smiles still look slim.



# TV Crashes a Capital Cocktail Party

NBC-TV viewers got their first look at a Washington cocktail party last week. The festivities, held by TV's Martha Rountree (second left, center group), drew a heavy sprinkling of legislators, diplomats and their

wives. Among the guests, in center group: Madame Wellington Koo (fourth left), wife of the Chinese ambassador, Eric Johnston (fourth from right), House Speaker Joseph W. Martin, Jr. (third right).

# Block at a Time

Rebuilding, with each downtown block a unit, is Waco's answer to recovering from tornado.

The businessmen of Waco, Tex., flattened by a tornado last week, are climbing back off the floor already, strictly full of fight. There's no talk of just restoring the commercial heart of the old central Texas city. What civic leaders are after is an ultramodern, integrated business center.

• Free Plans-The core of the project is the newly formed Waco Voluntary Rebuilding Committee, composed of businessmen, bankers, architects, and others. To get the ball rolling, the architects have offered their services for

The idea is to take from five to ten of the hardest-hit downtown blocks, and rebuild each as a unit. Two material advantages are seen in the plan:

· Individual property owners and merchants would save on construction and other costs, get more for their money in parking and lighting.

· With the work being done as a unit, the individual would find it easier to get loans to finance the work.

These hopeful plans are being pressed even before Waco has finished adding up the tornado damage, which is currently set at 113 killed, over 500 injured, and property destruction around \$50-million. More than 2,000 structures were damaged; Army engineers figure that a quarter of all downtown buildings are unsafe.

Relief funds have come from many sources. Waco shares in \$250,000 in tederal relief funds and \$500,000 set aside by the Red Cross. Neighboring cities, companies in Waco, and individ-

uals are all contributing.

• Tax Loss-Special problems have been created for the city government in the school district. Damage to municipal property is set at \$600,000, to schools at \$300,000. The sword of damage cut another way: By destroying private property it wiped an estimated \$636,000 off the city's annual tax take. and another \$600,000 from school district revenues.

Some of the damage needs quick repair. Several city fire stations and the city hall were hit; nothing but a concrete slab remains of the city market. Eight schools were hit, two of them were temporarily put out of service. City manager Jack Jeffrey views the situation sadly. "A few days before the tornado," he mourns, "we were cutting the city budget. Today . . . who knows?"



DRILLING CREW operated a derrick for visitors at the oil industry's big show.



HELICOPTER VIEW shows part of the oil exposition's 28 acres and \$100-million worth of

# The Oil Industry Shows



BIG PUMP got plenty of attention from oilmen as well as casual visitors. U. S. Steel sold a \$45,000 pump to a Houston oilman on the first day of the exposition.



equipment hauled in by almost 1,500 exhibitors. VISITORS came from all over the world.



# Its Muscles in Tulsa

The oil industry has a reputation for doing things on a big scale. Its 13th International Petroleum Exposition, held this week in Tulsa, Okla., didn't damage that reputation one bit.

On hand for the show were some 1,484 exhibitors, and on display was roughly \$100-million worth of oil industry equipment ranging from tiny valves to \$500,000 drilling rigs. At midweek, exposition officials were talking of a total attendance of 400,000 to 500,000 people.

A good many of the visitors were from outside the U.S. Some 50 foreign countries had sizable delegations at the show-some of them invited personally by Oklahoma's governor, Johnston Mur-

· Competition-But the show owed its success to more than the efforts of Gov. Murray, or to the other promotional activities that went on before it opened. Probably its strongest booster was the fact that competition in the oil industry is getting sharper.

Oilmen are looking for ways to drill better wells, bring in more oil, get the oil to refineries and markets more efficiently-in short, to cut costs and in-crease output. To do that, they need new and improved types of equipment.

The exhibitors at Tulsa knew that when they were first invited to take part in the show. They accepted the invitation eagerly. By the first of the year, almost all the space on the 28-acre exposition grounds was sold out. And exhibitors who did get space made the most of it.

More than 30 companies haul in around \$100,000 worth of equipment apiece to show off. Six companies are estimated to have tied up \$1-million each in the show.

• Split Personality-The resulting 10day exposition had all the extravagant razzle-dazzle of a world's fair coupled with the dead seriousness of a museum of science and industry. Tying the two personalities together was the single subject: oil. Even the street names harped on it: Williston Way, Diesel Drive, Permian Basin Plaza.

The exhibits stuck to the subject, too -but that gave them a wide range of choice:

· U.S. Steel Corp. had a twostory, U-shaped building, within the arms of which was a 133-ft. derrick.

· Unit Rig & Equipment Co. had a 65-ft. golden statue of an oilman made of papier mache (picture).

American Steel Dredge Co. had



GOLD STATUE of oil worker grinned out over the fair from a height of 65 ft.

a 15-ton bushwacker designed for mow-

ing down trees.

· National Supply Co. had what it called a "Rotorama"-a doughnutshaped observation enclosure with a drilling rig running down through the center of it. Visitors could walk around the Rotorama and see the rig at close

There were also displays of electronic equipment, superhard metals, plastic pipe, plastic storage tanks. There were scale models of oilfield and refinery equipment, valued as high as \$10,000. There was even an airplane for carrying executives around-displayed at the exposition for the first time as a production tool.

• Mutual Benefit-Almost everybody concerned with the exhibition went home happy. The visitors had much to see during the daytime, and at night they were feted at company dinners and parties. The Tulsa Philharmonic Orchestra added to the entertainment by showing up for several concerts.

The city of Tulsa made out all right, too. Local businessmen figured the visitors were spending about \$1-million a day for personal expenses. Some 1,500 homes in the city were used to house visitors at \$5 to \$15 a night.

Happiest of all, perhaps, were the exhibitors. One of them sold a \$450,-000 rig during the first day of the show. U.S. Steel sold a \$45,000 pump. Most other companies expected to sell everything they had brought to Tulsa-\$100-million worth altogether-before the show was over. And the best, they figure, is yet to come. In six months, one estimate says, the Tulsa exhibitors will have sold \$1-billion worth of equipment as a result of the exposition.

· Speculation-The exhibitors weren't the only participants at Tulsa whose future was brightened. Visiting oilmen themselves heard some cheerful remarks by Charlton H. Lyons, president of the Independent Petroleum

Assn. of America.

In an opening day address, Lyons pointed out that U.S. oilmen still have plenty of rich oil land to tap. Only 1% of the U.S., Lyons said, has yet been explored and developed for oil. He estimated that there are still a billion acres of favorable oil territory still untouched.

However, Lyons' association was anxious that nobody at the exposition should think the oil business is a quick way to fortune. To spike any such notion, IPAA came to Tulsa with a small-but meaningful-exhibit.

Nucleus of the exhibit was a roulette wheel. It demonstrated that, in drilling for oil, you have about one chance in nine of hitting the money. That might not seem like too long a chance to take for so rich a possible reward-except that it costs \$90,000 a spin.

# AEC: Tough Nut for Savings

Washington economizers whet their knives. Defense cuts don't seem to go deep, and Portsmouth plant will probably survive.

Washington's economizers are lining up their sights on the enormous budget of the Atomic Energy Commission. So far, they haven't drawn a bead on anything worth hitting, in terms of either

dollars or atomic projects.

The Administration has taken only one real step toward cost cutting. Defense Secretary Charles Wilson decided to slow down work on the Air Force's atomic-powered airplane and on the Navy's atomic-fueled aircraft carrier. Details of the cutbacks haven't been released, but Defense officials predict savings up to \$500-million over the next five or six years. Even that amount is just penny pinching compared with the nearly \$2-billion that AEC plans to spend in a single year, beginning in July. And the AEC figure does not include the other millions that Defense will spend on atomic weapon develop-

• Congress-More important to atomic development is the growing demand m Congress for drastic cuts in AEC's spending. The commission's annual allowance is up to \$2-billion because of expansion of its capacity for making fissionable materials. That expansion includes a \$1.2-billion plant at Portsmouth, Ohio, on which work has started; the new Savannah River plutonium plant, already well along in construction; and additions to other AEC plants.

Most of the money for the actual construction of these plants has already been appropriated. And Indian-giving congressmen usually have a rough time when they try to retrieve money that they have already approved. Despite that, Chairman John Taber and members of his House Appropriations Committee want to see if the expansion pro-

gram can be pared down.

• Intangible—As for the savings already claimed by the Defense Dept., some experts now say they are difficult to prove. By this week, Defense hadn't canceled any contracts for either of the projects that it claims to have curtailed. Westinghouse Electric Corp. has one contract for the design of a carrier engine. Contracts for the atomic-powered aircraft are held by General Electric Co., Boeing Airplane Co., Consolidated Vultee Aircraft Corp., and the Pratt & Whitney Division of United Aircraft Corp. All these contracts could be revised, or even canceled. What is more likely to happen is that the delivery dates will be postponed-a word that

means stretchout to the bureaucrats.

A stretchout would be the realistic tack. The designing of the carrier itself has only just started. And it will take three or four years to build the atomic engines for it. Aviation men find the schedule and engineering of the airplane even more vague. Both projects have been hamstrung by recurring technical problems, ones that haven't cropped up in the engineering of the atomic-powered submarines.

· Ohio Plant-About the only project on which major savings could be made is the Portsmouth plant, which will extract uranium-235, the explosive por-tion of natural uranium. The dollar losses in terminating the other plant projects would, in the long run, ex-

ceed the paper savings.

Taber and his committee have hinted at halting the Portsmouth job. This set off a chain of events around the capital that went this way:

• The White House-advised by the Defense Dept. and presidential adviser Lewis L. Strauss-replied with a

· A rumor from Wilson's office said that military requirements for bomb materials might, after all, be cut so that the Portsmouth plant could be dropped.

· Sen. John Bricker and members of the Joint Congressional Committee on Atomic Energy demanded an inves-

tigation of the cutback.

· Secretary Wilson issued a hurried denial of the suggestion that Portsmouth would be squelched.

· Finally, to nail things down tight, the AEC announced that work

at the plant is continuing.

Still. Taber and his crew are sharpening their knives and looking at AEC's requests for operating funds. They might conceivably cut the supplemental and contingent funds needed for Portsmouth to a point where the harassed AEC would throw in its cards and

drop the whole project.

Actually, though, the worst that is likely to happen to AEC's budget is some conference room squabbles. Neither the White House nor the Senate is likely to go along with cuts in expansion. Also, the companies that are talking about private atomic power plants would probably protest. With-out Portsmouth, AEC couldn't tap fissionable materials from its military stockpile and pass them along to industry for private use.









# Meeting Emergency Demands for Steel

Here are records of six emergencies faced—and met by Ryerson Steel Service:

#### Shutdown Averted

4:30 p.m.—1000 lbs. bar stock urgently needed to avert shutdown of night operations. Order processed by office at 4:35; goes to warehouse at 4:41. Steel leaves Ryerson plant at 5:30; arrives at customer's plant (7 miles away) at 6:05 p.m.

#### Shipped in 11/2 hours

10:15 a.m.—two plates needed immediately. With customer still on phone, Service Department alerted. Steel sheared to size and on its way by 11:45 a.m. same morning.

#### Night Shift Comes Through

3:00 p.m.—order phoned in for 20,000 lbs. of sheet steel. Needed (90 miles away) at 8:00 a.m. next day. Working through the night, Ryerson warehouse crew cuts the steel—loads it on truck that leaves at 6:00 in the morning. Shipment arrives at customer's plant on time.

#### Breakdown Saturday-Production Monday

Saturday—11:45 a.m. Emergency call. 8" alloy steel round needed to repair breakdown of main shaft. Cut during lunch hour, the 1700-lb. bar is immediately trucked to airport; loaded on cargo plane. Customer meets plane on arrival in distant city. Repairs are completed Sunday; full production resumed on Monday.

#### Delivery 600 Miles Away-7 Hours

3:00 p.m.—200 lbs. of flat bars, in cut lengths, needed in a hurry 600 miles away. Just 2½ hours after receipt of order, plane takes off with steel from Ryerson. At 10:51 p.m. same day, customer has his steel.

#### Still Hot When Delivered

11:15 a.m.—Manufacturer reports breakdown; needs 2" x 72" x 10' plate at once—must be flame cut. Plate delivered at 2:15 p.m., still hot.

Of course, out of thousands of orders, we can fill only relatively few at such breakneck speed. However, in emergencies, the world's largest steel service organization, with 15 interconnected plants, is your best source for steel. And, despite some shortages, you can also count on Ryerson for most every day-to-day steel requirement. So when you need steel—carbon, alloy, stainless—call your nearby Ryerson plants.

PRINCIPAL PRODUCTS: CARBON, ALLOY & STAINLESS STEELS—BARS, STRUCTURALS, PLATES, SHEETS, TUBING, MACHINERY & TOOLS, ETC.

# RYERSON STEEL

JOSEPH T. RYERSON & SON, INC. PLANTS AT: NEW YORK . BOSTON . PHILADELPHIA . CINCINNATI . CLEVELAND . DETROIT
PITTSBURGH . BUFFALO . CHICAGO . MILWAUKEE . ST. LOUIS . LOS ANGELES . SAN FRANCISCO . SPOKANE . SEATTLE

# COULD YOU USE A 'One Machine-Machine Shop' IN YOUR PLANT?

Stacks of parts waiting to be machined are the kind of bottleneck that gives executives headaches whether they are primarily concerned with meeting production schedules or charged with seeing to it that manufacturing operations are performed at a profit.

One of the major divisions of New Britain Machine is Lucas of Cleveland whose entire production for 52 years has been devoted to one type of machine—the Precision Horizontal Boring, Drilling and Milling Machine. As a result the name Lucas has become the byword in this specialized field.

A Lucas will perform many operations in sequence on one piece or a thousand, from small castings to a 30-ton weldment. Operations include boring, drilling, milling, facing, turning and profiling. Because it is a sturdy precision machine, it will not only rough but it will also finish work to the close tolernaces required in the manufacture of jigs and fixtures. It is quickly set up for short runs and incorporates electric power positioning to automatically repeat multiple operations.

Perhaps this "capsule description" will indicate to you why a Lucas is one of the most used and most profitable machine in any shop, whether it is taking over bottleneck operations from other production machines, taking its place in the regular production line, or quickly doing critical maintenance operations that would otherwise have to be sent out. If you think that perhaps this one-man machine shop could be profitable in your plant, we'll be glad to mail you a more detailed and illustrated description.



THE NEW BRITAIN MACHINE COMPANY LUCAS MACHINE DIVISION, CLEVELAND 8, OHIO

Machines For Making Progress . . .

AUTOMATIC BAR AND CHUCKING MACHINES
PRECISION BORING MACHINES
LUCAS HORIZONTAL BORING, DRILLING AND MILLING MACHINES
NEW BRITAIN +GF+ COPYING LATHES

#### **BUSINESS BRIEFS**

The fourth generation of Gimbels takes over New York's 111-year-old store, Gimbel Bros., Inc. New president Bruce A. Gimbel, 39, now vice-president of Saks Fifth Avenue, a wholly owned subsidiary, succeeds his father, Bernard F. Gimbel, who becomes chairman.

Wurdack Chemical Co. lost a \$1-million patent infringement suit against Ranetite Mfg. Co. and Dow Corning Corp. A St. Louis federal court dismissed charges that the two companies were using a Wurdack-patented process for making a water repellent (BW-Jul. 5'52,p31). The grounds: Wurdack had offered its crystal product for more than a year before it applied for a patent.

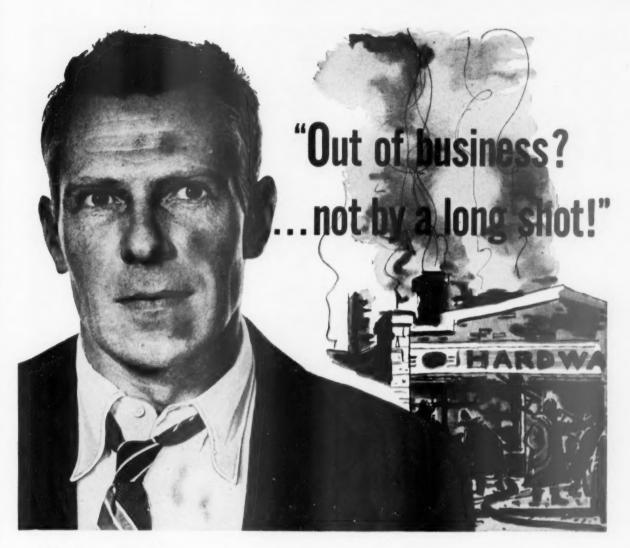
Two-way protection: The Detroit Free Press has the solution for a reader who balks at answering a box-number job ad because he does not want certain companies, mostly his own, to know he's interested. All he does is address his reply to the classified manager and enclose a list of taboo companies. If the advertiser is one of them, the newspaper destroys his letter.

Two Chicago teenagers won top honors for the best annual report submitted by Junior Achievement companies to New York Stock Exchange head, Keith Funston. Their company, Tasty Treats Co., made and sold 2,568 jars of a branded salad dressing, ended the year with a net profit of \$88.55. It paid a 20% dividend on its capital stock of \$138–276 shares at 50¢.

Merger of Federal Electric Products Co., Newark, N. J., and Pacific Electric Mfg. Corp., San Francisco, means a nationwide producing combination that can service all potential outlets for all types of electrical apparatus, says Federal's president, T. M. Cole. For \$4.5-million, Federal acquired about 98% of Pacific's common stock.

Hawaiian corporations, for uniformity's sake, must go on using Ltd. to show their corporate status. A bill to let them use Inc. or Corp. passed the Territorial House of Representatives but was killed by the Senate.

Goodrich Chemical Co. will build an \$8.5-million plant at Calvert City to supply its own acrylonitrile (VĆN), used in making rubber, soil conditioners and synthetic fibers. Up to now, Goodrich has been buying big quantities of VCN from American Cyanamid for its Hycar oil-resistant rubber.



Could you say this, if fire or some other disaster destroyed your business tonight?

Sure, adequate fire insurance would pay for damaged property, but rebuilding a flame-gutted factory, store or office takes time. With earnings gone, how would you pay salaries and fixed obligations? What about the many extra expenses of getting back into operation?

North America's Business Interruption insurance bridges this difficult period.\* It pays you what you would have earned had no fire or other insured disaster occurred...you're paid for the length of time required to replace damaged property. And that's not all. Those expenses which must continue while your business is suspended are paid. Rent, taxes, interest on indebtedness—you can meet these payments on time.

Your North America Agent will be happy to describe in detail a Business Interruption policy adapted to your needs. Give him a call today. There's no obligation; and his advice may one day help you tell the world that you're still in business—despite a serious fire.

9.1 substantial percentage of concerns surreing serious fire damage never reopen.

PROTECT WHAT YOU HAVE &



#### NORTH AMERICA COMPANIES

Insurance Company of North America Indemnity Insurance Company of North America Philadelphia Fire and Marine Insurance Company



# Let's say your purchasing expense figures \$10. per order. Maybe it's less, maybe more.\*

Whatever your cost, it is the same whether the order covers \$1 or \$1000, worth of goods. If you think of your order blanks as actual currency, you'll see why it pays to "gang up" orders for supplies whenever possible.

Your INDUSTRIAL DISTRIBUTOR can help you do this. In one complete stock, he carries some 75% of the products you buy. A single order to him, and a single check after delivery can cover a wide variety of products. You can avoid the multiple expense of sending the many individual orders needed to buy direct from manufacturers.

As a further advantage, when you buy through the Distributor, you reduce all your stock carrying costs . . . including storage space, heat, light, cleaning, insurance, and labor. You lower your interest on inventory, also, and avoid losses due to deterioration and design changes.

Your Distributor offers other services that make your job easier...reliable product information, and emergency deliveries on the double-quick. Find out how much he can help you. You'll see then why so many of industry's shrewdest buyers are steadily increasing their purchases through Industrial Supply Distributors.

For your valve needs, you can be sure of resourceful, experienced cooperation from your Jenkins Distributor. Jenkins Bros., 100 Park Ave., New York 17.

\*Cost of individual purchase estimated by average size industrial concern: \$7.50. Why not figure your cost?



## WASHINGTON OUTLOOK

WASHINGTON BUREAU MAY 23, 1953



SERVICE

Eisenhower and Congress are out of step. You might as well face it now and begin to figure what the result may be next year when the Congressional elections roll around again. Businessmen have a big stake in how it goes.

The heart of the issue is spending and taxes. Eisenhower promised cuts in both directions. A balanced budget was a key theme in his winning campaign last fall.

But a balanced budget isn't in sight. True, government expenses are being trimmed. But the cuts are much too small to wipe out the deficit for fiscal 1954.

The other side of the coin was lower taxes. Eisenhower held out the hope of reductions as he campaigned against big government.

Now Eisenhower says it can't happen this year. The situation outlined by the President this week (page 27) shows expenditures above receipts—continued deficits. So Eisenhower favors no tax relief for anyone before Jan. 1, 1954.

Congress is in an uproar. Republican members face a Hobson's choice. If they support the spending proposed by the President, they vote for more deficits. If they trim and cut, they are hurting their new and popular leader. On taxes, it's the same story. If they cut, they will be ignoring the White House's leadership. If they don't, they disappoint the voters, and—they think—risk their seats in next year's elections.

Eisenhower would keep the excess-profits tax until Jan. 1, six months beyond the scheduled June 30 expiration.

And he would keep the higher tax rate on normal business profits. (The present law says the normal corporate rate will drop from 52% to 47% next Apr. 1.)

He would also keep the excise-tax boosts that followed Korea.

For individuals, tax cuts would be delayed until Jan. 1, 1954.

The President is for a cut of about 10% then, as the current law provides.

He would postpone the scheduled payroll tax rise on wages and salaries slated for Jan. 1—1/2% for social security.

It adds up to more money out of business if the Eisenhower program is adopted.

The concessions are to individuals—the voters. Eisenhower would give them their cuts on schedule, plus the delay in the payroll tax rise.

Congress may rebel and rebuff the President.

Strike threats disturb Washington, which, under Eisenhower, wants to stay out of union-management disputes.

Steel tops the list of worries. A couple of months ago, the idea was that the steel workers would demand only a moderate raise and that management would go along, without a strike. Now minds are changing. The union wants

### WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU MAY 23, 1953  $16\phi$  to  $12\frac{1}{2}\phi$  per hour, plus  $3\frac{1}{2}\phi$  for wider job differentials. That's what the union got the last two times out, not counting fringes. A compromise, without a strike, may still be in the cards. The union would rather have its fight next year, when the whole contract comes up.

Then there's Reuther's sniping at the auto makers about too much production in the first half, with the prospect of layoffs in the fall. There's some thought here that the auto manufacturers are taking out insurance against a steel strike—building up stock in case they have to shut down later for lack of metal.

Amendment of Taft-Hartley still is uncertain. Secretary of Labor Durkin and Secretary of Commerce Weeks are split on what changes should be made. As a result, the White House has not yet given Congress any recommendations. The way things are shaping up in the House and Senate, the unions prefer no change at all to what they might get if Congress acted.

Odds are against any legislation this summer, with a new effort in prospect when Congress comes back.

Congress is finding economy in air strength hard to swallow. The GOP line when the Democrats were in power was that savings could be made in defense by cutting back the Army and Navy and building up the Air Force. Now Eisenhower's biggest defense cuts are in aircraft.

For the Air Force and Navy they add up to about 2,000 planes. And at the same time, Ridgway, head of NATO forces in Europe and soon to be the Army's chief of staff, labels the big weakness of the Western nations as too few planes. You may see Congress vote more for air power at the expense of the other services.

The U.S. is over a barrel in the truce talks. And as a result, it may be forced into new and unpalatable concessions. Here's the situation:

Our European allies are cold on the Korean war. They want peace. And to get it, they are willing to compromise on the prisoner issue and agree to a permanent partition of Korea (this may be inevitable).

So the U.S. is being needled to settle, even if the price is high. The threat is that if the U.S. fails in the current talks, it may face the prospect of going it alone if the war is to be fought to an end.

That puts the Reds in a strong position—they hope for an advantage no matter what comes out of the current negotiations. If there is a truce, the Reds may well get terms that would be upsetting to Southeast Asians who are allied with the West. And if the war is allowed to go on and on, Russia's chance of driving a wedge between the U.S. and Western Europe will be improved. Washington officials are upset over the prospect.

U.S. officials are bitter in private criticism of the British. The feeling is that Attlee and even Churchill have created a situation that makes the peace talks extremely difficult.

Foreign aid repercussions are probable. Eisenhower cut Truman's budget figure of \$7.6-billion to \$5.8-billion. And in view of the insults handed out last week by members of the British Parliament and the U.S. Congress, sentiment to cut even deeper is high in both the House and Senate. Efforts by the White House to hold Congress in line are in danger.

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The miracle production team of oxyacetylene flame cutting and electric arc welding always wins the quick interest and respect of cost-minded executives. But in these days when the availability as well as the cost of manpower and materials is a matter of concern, this team is an outstanding champion. Manufacturers in almost every field are turning daily to this most modern production technique.

You too will find welding has almost limitless applications. The metals joined may be mild steel, stainless steel, steel alloys, cast iron, bronze, or aluminum. The raw stock may range from heavy armor plate to light gauge aluminum sheet. The elements welded may be accurately flame-cut shapes of any size...or stampings, castings, or forgings.

Most manufacturers have also learned that they can rely on NCG for quick, able counsel on their flame-cutting and arc welding needs. NCG recommendations

NCG®

EVERYTHING FOR WELDING

are backed by more than 30 years of practical experience. NCG Products such as NCG Flame-Cutting Machines, NCG Torchweld and Rego Oxy-Acetylene Cutting and Welding Apparatus, NCG Sureweld Electric Arc Welders and NCG Sureweld Electrodes prove the value of this experience by their performance. And NCG's 73 manufacturing plants and hundreds of NCG Authorized Dealers provide the vast network of service and supply to meet your needs fully and promptly... wherever you are.

#### **NATIONAL CYLINDER GAS COMPANY**

Executive Offices

840 N. Michigan Ave., Chicago 11, Illinois © 1962, National Cylinder Gas Co. Every tiny bit of JESSOP steel is bigger than its job

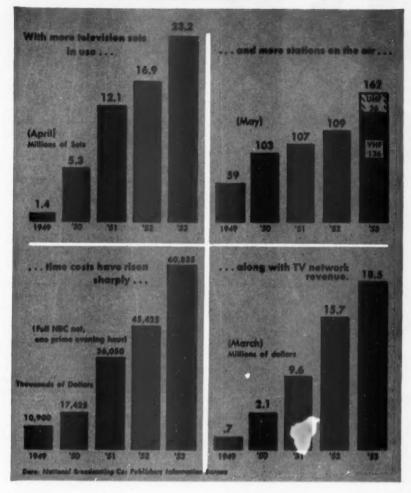
There's a very simple reason for Jessop's fine reputation as a specialty steel maker. Jessop not only controls its formulae and processes with infinite care, it traditionally strives to produce better steel of each type than the end-use necessitates. Take, for example, the high-speed tool bits shown here. They cut harder materials faster and deeper than their basic analysis indicates, thus providing longer life and greater durability on normal jobs. Behind this tradition for extra quality is the keen desire for more business on the part of the Jessop producing and selling team. Every single Jessop man wants more satisfied customers. He wants them to be so enthusiastic they will forget there is anyone else in the world making special steels. Some customers already have.

HIGH SPEED STEELS - HIGH SPEED BITS - PRECISION
GROUND FLAT STOCK - HIGH SPEED AND ALLOY SAW
STEELS - HOT WORK DIE STEELS - COLD WORK DIE
STEELS - CARBON AND ALLOY STEELS - GROUND AND
TEMPERED PRODUCTS - STAINLESS AND HEAT
RESISTING STEELS - STAINLESS - CLAD STEELS CAST-TO-SHAPE STEELS - COMPOSITE TOOL
STEELS - ARMOR PLATE

ESSÓP

STEEL COMPANY · WASHINGTON, PA.

## MARKETING



# Who's Going to Foot the Bill?

This is the slack season in the broadcasting industry. Traditionally, things are always pretty quiet on the air in the summer. But fall is coming, and with it a problem that advertisers can't duck: What should they do about television?

The problem has grown more urgent than ever before. In the months since the Federal Communications Commission lifted the freeze on new TV stations (BW-Jul.19'52,p29), the number of stations has jumped to better than 160. They now cover some 110 markets and four-fifths of the U.S. population.

It has reached the point where an advertiser can no longer put off a decision on how to approach this spreading of television's domain. His distributors keep at him to beam his show into their areas. With each new area that

opens up he runs the risk that his competitors will get the market away from him. He also runs the risk of losing the preferred blocks of time in preferred markets.

• Problem—Yet he is plagued more than ever by a problem nearly as old as TV itself—costs. And things keep getting worse. Look where time costs are already (charts, above). Add in rising production and talent costs. Then wonder, with advertisers, what it will cost when there are 300 stations on the air by yearend, as there may be.

No wonder he takes a cautious attitude. He sees those new stations arriving, but he doesn't quite know what to do about them. Many an advertiser has gone into a huddle with his advertising agency to try to reassess his whole advertising schedule in the light of new conditions. • Whole Hog—There are some notable exceptions, of course, among the bigger, wealthier advertisers. General Foods Corp., for instance, is evidently out to pick up about as many new stations as it can. Currently, the food company has lined up no less than 95 stations for its Red Buttons program, which airs Monday nights over the Columbia Broadcasting System, just after I Love Lucy. General Foods has even added such new TV markets as Wichita Falls, Tex. (3,000). Network time charges alone for the half-hour show come to about \$35,000.

But the fact remains that despite General Foods, and despite Westinghouse and Admiral—which are anxious to sell television sets to those virgin TV markets—not many advertisers are snapping up the new stations.

• Going Slowly—A network station-relations man has just finished a tour of the country with this observation: He figures the newer stations that have got under way in the past few months are being assigned by advertisers only about 25% of the shows on the networks.

There are, of course, good reasons why advertisers are going slowly. Many of those new stations are UHF, and advertisers are always leery of an untried medium—particularly in this case, when not many UHF converters have been sold. And even in the case of the new VHF stations, those audiences look pretty skimpy right now. But this situation in general is bound to improve by the fall, when set saturation in some of the new markets will have reached, say, 30% or 40%.

These new stations are very unlikely, however, to suffer the long period of red ink that afflicted the first pioneering stations on the air several years ago. Television is already a big industry. It had a total revenue last year of \$336.3-million, as against \$473.1-million for radio, according to FCC. Undoubtedly television, before long, will far surpass anything radio ever dreamed of.

• Footing the Bill—But how are the advertisers going to pay for this bill?

The networks are also thinking about this problem. Roughly speaking, they have taken two major positions:

• National Broadcasting Co. stresses glamor-at-a-price along the lines of its extravaganza, Your Show of Shows—90 minutes of talent, names, music. NBC's idea is to spread the cost by selling chunks of each show to several sponsors, who are called co-sponsors,

• The other chains vary somewhat in their approach, but all insist that the trend is away from the co-sponsor idea and back to exclusive sponsorship, the



#### BEDFORD TROLLEYS have

- All-welded steel box section and I-beam construction for maximum stability.
- Precision machined steel gears and pinions—supported on shafts between bearings.
- ✓ All gears enclosed. Gear cases line bored for perfect shaft alignment,
- and fitted with inspection covers.

  Gears and shaft bearings running in sealed oil baths.
- ✓ Heavy duty anti-friction bearings throughout.
- Feature permitting any single shaft to be removed with gear or pinion in place without disturbing any other shafts.
- Large diameter drums and sheaves to take proper cable size without overlapping.

- ✓ Roller chain type flexible couplings on all drive shafts.
- Centralized lubrication system to simplify maintenance.
- Heavy duty mill type motors, selected for durability.
- Electro-magnetic DC brakes to assure positive control.
- Special alloy heat treated steel in all gears and wheels.
- Inspection platforms with safety railings.
- Rail sweeps.

Bedford Overhead Electric Cranes are available for all kinds of indoor and outdoor service, from 5 tons to 350 tons, and up... Consult a Bedford Engineer... compare Bedford features before you choose... and make your next crane a Bedford.

Write for catalog.



BEDFORD FOUNDRY & MACHINE COMPANY, INC. · BEDFORD, INDIANA

pattern familiar to radio. CBS is pushing its own packaged shows, such as My Friend Irma. American Broadcasting Co. plugs an economy package—the 15-minute show and economical production and talent. DuMont Television gets down to rock bottom with packages that cost less than \$2,000 for talent. (It will also sell advertisers as few stations as they choose to buy.)

• What'll You Have?—These are for the public record. But the fact is that the networks will sell you TV almost any way you want it—whole, sliced, ground, chopped. They are eager to save the advertiser money.

After a survey of the networks, Business week has isolated no less than three identifiable ways of selling television other than the familiar exclusive sponsorship:

Alternate sponsorship: One sponsor takes the show one day or week, another sponsor the next. An example is the TV Playhouse on NBC, sponsored on alternate weeks by Philco and Goodwear.

Co-sponsorship: Two or more sponsors share the same show on the same day. The Garry Moore show, a daytime CBS feature, is sponsored during its first quarter-hour by C. H. Masland & Sons (carpets); during its second quarter-hour by Procter & Gamble. Other advertisers share the show on other days. That's co-sponsorship in its simplest form. There are all sorts of complex varieties, and all sorts of combinations with alternate sponsorship.

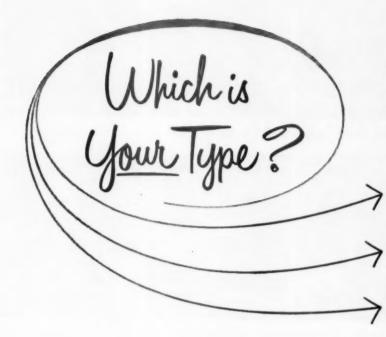
Cooperative sponsorship: The network turns part of the show over to local stations, which ring in local advertising. On NBC's Dave Garroway show, for example, the last five minutes of each half-hour go to local stations.

• The Test—But all these economy measures, together with such other means as using film instead of live shows to cut production costs, still won't make TV an inexpensive medium. Nothing ever will. It will merely be made a little more palatable.

This is one of the reasons why the next few weeks and months will prove highly significant for all of advertising.

Advertisers are not only looking over their TV schedules. They are re-evaluating their whole advertising programs in light of the new demands TV is making on them. This is the year when the big decision will be made, when the final impact of this vast new medium on other media will begin to take shape.

How deeply will advertisers decide to plunge into television? How much will this hurt other media? Who will get hurt most if there is a recession and advertising money gets tight? These are questions that newspaper, radio, magazine, and other media people would like to have answered.



You go to a lot of trouble to write a good letter. Surely, you want it to look as good as it sounds.

With an IBM Executive" Electric Typewriter, your letters will have distinguished appearance and express the personality of your company and yourself.

For instance:

IBM Bold Face Type is a strong straightforward type, distinctly masculine in character.

IBM Secretarial Type is warm and personal, yet has businesslike dignity.

IBM Mid-Century Type, with its clear cut lines, is direct, modern, convincing.

These samples slightly reduced in size

We'll be glad to show you the 9 other distinctive IBM type styles, and what an impressive difference the IBM Executive can make in the appearance of your letters.

#### Here's why it's different-

The IBM Executive uses a unique system of letter spacing . . . instead of every character taking exactly the same space on the writing line, as on standard typewriters, thin letters get narrower space, wide letters get the wider space needed. So, each word, each line, is more attractive and more legible, and the over-all appearance is outstanding.

11111 BBBBB WWWW mmmmm

Standard Typewriter spacing

IBM, Dept. H-1

iiiii aaaaa wwwww mmmmm

IBM Executive Typewriter spacing



Electric Typewriters

INTERNATIONAL BUSINESS MACHINES

590 Madison Avenue, New York 22, N. Y. In Canada: Don Mills Road, Toronto 6, Ont.

| I'd like to see the IBM Executive Electric Typewriter.

| Please send brochure.

Name
| Company
| Address | State | State |









Frawley, maker of Paper-Mate ball point pens: "Sales is all I know. I'm just a salesman."









"We spread the rumor we were broke—to discourage competition."

### How to Put Life in a Slow Market

Patrick Frawley, Jr. (above), the man who plastered Paper-Mate ball point pens all over the U.S. map, makes no bones about it: He's a man of "limited knowledge." Says Frawley, "Sales is all I know; I'm just a salesman."

Today, at the ripe old age of 29, this limited knowledge seems to be quite adequate. Frawley reports he's selling \$2-million worth of his \$1.69 Paper-Mate pens every month, is shooting for a goal of \$30-million this year.

• Blitz—It took the brash, unorthodox young man, who looks like a mixture of a grown-up Huck Finn and Peck's Bad Boy, only a few short years to blitz the ball point pen market.

It looks as though the blitz took. Between 1947 and 1951, manufacturers reporting to the Fountain Pen & Mechanical Pencil Manufacturers Assn. indicated a modest gain in ball point pen sales from 30.4-million units to 35.2-million. In 1952, the first year in which the retractable Paper-Mate was fully active, unit shipments jumped 10-million—to 45.5-million. Of this amount, Frawley chaims a hefty slice—some 11-million pens, of which he figures he gave away 750,000. In dollars, Frawley says his company's total came to about \$12-million (including refills) last year.

Nobody knows quite how much of the total market this represents. Not all companies report to the association. The total may run 15% to 30% higher.  Not an Academician—Freckle-faced, quick-smiling, Frawley got into the ball point pen business by accident, stayed against his will, and survived by one of the fiercest selling campaigns of the decade.

When he says his knowledge is limited, he is in a sense speaking the literal truth. His father gave him a \$4,000 bonus not to go to college. Frawley, Sr., felt experience had the edge over classrooms any time.

So Patrick started at 15 in his father's export-import firm in Managua, Nicaragua. By 16, he was rated a supersalesman. At 18 he scored a minor coup by turning a deal for U.S. Rubber Co., amounting to \$300,000.

Then came a stint as navigator with the Royal Canadian Air Force during the war. Thereafter, with a \$10,000 stake, he set up his own export-import business in San Francisco, started looking around for an entry into manufacturing.

• Smudged—Paint was what he had in mind. But nothing in paint turned up. At last, early in 1949, Frawley had a telephone call from Hal Riel, president of Allied Appliance Co., a small manufacturer in Burbank. Riel was making a ball point pen.

"It was a miserable pen," Frawley recalls. "It smudged."

At the moment, Frawley wasn't interested. But he kept in touch with Riel on the chance he would develop Allied

Appliance into a manufacturer of aircraft parts.

Four months later Riel called again. He had found a chemist, Fran Seech, who had developed an ink that wouldn't smudge. It dried fast, had a great affinity for paper. "I nearly dropped the phone," says Frawley. Two weeks later he bought into Riel's company, signed Seech to a contract.

• The Way Up—When Riel and Frawley had different ideas on expansion, Frawley bought Riel's pen interests. Then he borrowed \$40,000 from his father and set up his own manufacturing plant in a small, rented machine shop. By the summer of 1949 Frawley was in business, with a 97¢ ball point.

In the last few months of 1949 Frawley sold about \$15,000 worth of pens the hard way. San Francisco stores looked on ball point salesmen as crooks. Some store detectives had orders to throw Frawley out.

Since selling came so tough, Frawley started to give the pens away. "We let the pens sell themselves a little," he explains.

The giveaways impressed the retailers, but the jobbers still wouldn't buy. Frawley went completely berserk. To get some kind—any kind—of broad distribution, he gave some stores two dozen pens on consignment, paid their profit in advance. If a store cooperated, he gave generous advertising allowances.

· Gimmick-In Los Angeles, mer-



#### R-W CONVEYORS FOR HEAVIER LOADS

"lock-Joint" Trolley Track OveR-Way Conveyors for handling light to medium weight loads with maximum flexibility. Capacity up to 3,000 lbs.

"Tru-Tred' Steel Beam OveR-Way Conveyors—for heavy-duty handling and electric hoist service with minimum superstructure—eight different track sizes and capacities. Maximum capacity four tons.

go OVERHEAD to bring costs DOWN!

Look at your plant. How much potential production area is eaten away by antiquated, floor-level materials handling methods? How much of your available manpower is directly or indirectly concerned with handling operations? And how big a "bite" is being taken out of profits?

Now take another look—and consider the economy, efficiency and flexibility of an overhead continuous power conveyor designed for modern production methods. A patented Richards-Wilcox Zig-Zag Continuous Power Conveyor, the outstanding innovation of the century in materials handling, can save you time, money, and vastly increase production capacity.

### Richards-Wilcox Zig-Zag Continuous Power Conveyors



#### HERE'S HOW IT WORKS!

- ◆ A Zig-Zag Conveyor takes materials and production movement overhead...an enclosed, power-driven, ball-bearing wheel chain that moves like water through a pipe—up, down, in, out and around—allowing full use of all available floor space.
- ◆ Zig-Zag Conveyors are as flexible as a kid's construction set ... easily installed; can be altered, expanded or relocated to meet changed conditions, usually
- without discard of a single part.
- Operation is economical and versatile . . . continuous, automatic operation requires little power and minimum maintenance, releases manpower for other jobs . . . frees congested areas, increases safety.
- Zig-Zag Conveyors are efficient and adaptable...designed to handle unit loads up to 125 lbs. at speeds from one inch to 60 feet per minute.

Richards-Wilcox Mfg. Co.

"A HANGER FOR ANY DOOR THAT SLIDES"

610 THIRD STREET AURORA ILLINOIS

Branches New York Chicago Boston Philadelphia Cleveland Cincinnati Washington, D. C. Indianapolis St. Louis New Orleans Des Moines Minneapolis Kansas City Los Angeles San Francisco Denver Seattle Detroit Atlanta Pittsburgh 1880



1953

SUDINO DOOR HAMGERS & TRACK + PIRE DOORS & PAXTURES + GARAGE DOORS & EQUIPMENT + INDUSTRIAL CONVEYORS & CANES + SCHOOL WARDROSES & PARTITIONS - ELEVATOR DOOR OPERATING EQUIPMENT



chants were more adventuresome. Another young man, Edward Ettinger, joined Frawley, and the two of them waded right into the Christmas market -on Dec. 15.

Right about then, Frawley realized he needed an advertising gimmick. He lit on two unpublicized groups: the banker and the school teacher. He got a bunch of endorsements, published pictures, wrote ads saying, "The Pen Bankers Approve;" "The Pen Educa-

tors Approve."

· Manufacturer-All this time Frawley was looking for a manufacturing business he could buy into. He didn't care for pens, and he preferred not to do any manufacturing himself. He hoped to sell Seech's ink to a big pen company. But there was no sale. So in May, 1950, he says, "We decided to do the whole job ourselves." He moved into a bigger rented building, boosted his advertising, got himself an engineer to design a new pen.

Through a tremendous advertising push, Frawley sold \$350,000 worth of pens in 1950-still at 97¢. By May, 1951, the new pen was ready-the retractable-point model that sells today for \$1.69. In November, Frawley started the new pen off, with another huge advertising push. In Los Angeles alone he bought 28 full pages of advertising. That year he sold 4-million pens.

• Big Time-But Frawley still wasn't in the big time. He was thirsting for national distribution. His 1951 sales gave him the stake for the blitz he had been planning for two years.

First target was the biggest-New York. He hired 22 salesmen, canvassed 2,400 stores in six weeks, scattering free pens along his route. And he bought full-page ads in all the newspapers.

It worked. Orders from jobbers rolled in. Frawley repeated the stunt in 21 other cities. Though he gave away nearly a tenth of his 1952 output, he got what he wanted: nearly 100% distribution. About this time, Frawley savs, "We spread the rumor we were broke-to discourage competition." And he built two new plants to keep up with production-one in Culver City, Calif.

To staff his plants, he just latched onto anyone passing by. When he needed an advertising director, he hired away the account executive from his agency. Head of his Puerto Rico plant is a production specialist from South Africa-John O'Sullivan, who dropped in one day to see if he could get a job smoothing out production wrinkles. Frawley's investment and financial expert is a man from Dempsev Tegeler & Co., investment counselors, who dropped in to look over Frawley's company.

• Ingredients-Today Frawley's empire consists of Paper-Mate Co., Culver City, and Paper-Mate Eastern, Inc.,

# Alemite Fights Friction in '22 million hydro-electric plant!

Protecting the Heart of an Industrial Giant with Alemite Centralized Lubrication

Rising 132 feet above the excavated Snake River Bed near Mountain Home, Idaho, stands the C. J. Strike Dam. Here, in the newest and largest of the Idaho Power Company's vast network of hydro-electric plants, giant turbines drive massive generators—convert billions of gallons of water into energy for man's needs.

It was vital that lubrication of this engineering colossus be safe, sure—absolutely dependable. The three huge turbines driving 30,000 kw generators required lubrication every four hours—at 444 separate points! Significantly, an Alemite Accumeter Lubrication System was chosen for this important work.

Throughout all industry—wherever metal touches metal—you'll find Alemite systems on the job. Boosting production, cutting costs. Giving power, precision and smooth-as-velvet performance to a world in motion.

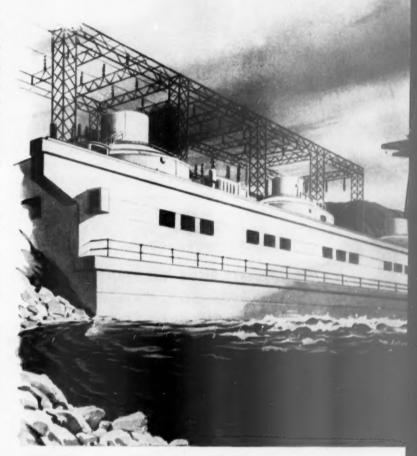
Alemite lubrication engineers can help you save. For further information, contact your Alemite distributor. Or send for free, informative booklet, "11 Ways to Cut Production Costs." Just mail the coupon below—today.

## Alemite—Greatest name in lubrication —serves the greatest names in industry

The same safe, sure method that every day lubricates billions of dollars worth of industrial, farm, marine and aviation machinery can protect *your* plant equipment against the ravages of its number one enemy—friction! Here are but a few of the industrial leaders who rely on Alemite...

The Timken Roller Bearing Company Celanese Corporation of America Minneapolis-Honeywell Regulator Company Republic Steel Corporation • Link-Belt Company







ALEMITE

35 Years of Lubrication Progress

City....

# Alemite Accumeter Systems permit automatic lubrication ... uninterrupted production

From one central point, Accumeter automatically measures and delivers lubricant to all bearings—while the machine is in motion! Does it in a fraction of the time required for hand-gun lubrication. No down-time... no points missed!

"11 Ways to Cut Production Costs"
Include facts on Accumeter — Alemite' amazing lubrication system that lubricates while machine is in operation.
nite, Dept. B-53 Diversey Parkway, Chicago 14, III.



Why 2 new plants every week locate in Puerto Rico, U.S.A.

Although part of United States, Federal income tax does not apply in Puerto Rico...and the Island's businessminded Government grants exemption from local taxes. As a plant site to supply U.S. markets, Puerto Rico may mean more net profit to you...as it has for many of America's foremost companies.

#### PUERTO RICO'S "NET PROFIT" ADVANTAGES

- Tax exemptions
- Abundant Labor
- Financial Assistance
- Training Programs
- Advantageous Freight Rates to all Coastal Markets



FACTS ABOUT PUERTO RICO

For full facts, contact nearest office

#### PUERTO RICO ECONOMIC DEVELOPMENT ADMINISTRATION

In New York 600 Fifth Ave. Plaza 7-2420 In Chicago 120 So. LaSalle St. Andover 3-4887

In Los Angeles 530 West 6th St. Trinity 6124

In San Juan Puerto Rico P.O. Box 2672

both sales companies. Frawley Mfg. Corp. makes the pens. Frawley Industries, Inc., makes the ink though Seech is no longer with Paper-Mate. So far, Frawley has been able to keep control of his burgeoning property without public sale of stock.

Now that Paper-Mate has arrived (it's ranked among the top 10 companies in the industry), Frawley has 85 salesmen. His production staff backs them up with new ideas. One is Paper-Mate that comes filled with new color inks-black, green, red, and brown. Another is a streamlined desk set-to come out soon. Over the whole works Frawley will spread a \$4-million advertising umbrella for 1953 promotion.

• Effects-Will he saturate the market? Frawley says no. After all, he says, throwing in one last sales plug, "Paper-Mate is just as handy as a pencil. It writes longer than the fountain pen. It's always clean and sharp. And it will write on both sides of the paper.

The ball point pen's blitz has begun to tell in the regular fountain pen market. While ball points were climbing some 15-million units between 1947 and 1952, conventional fountain pen shipments eased off from 36.9-million to 28-million. Mechanical pencils fared worse. From shipments of 70.4-million units they dropped to 42.5 million.

· Opinions-All this has created a divergence of opinion among conventional pen manufacturers. Some companies-Parker Pen Co. and Sheaffer Pen Co., for instance-say their quality, gift-type pen lines haven't been hurt much. The real damage, they think, has come in the low-priced, novelty pen market.

E. L. Waterman Co., on the other hand, thinks both the top and bottom of the scale have suffered. Waterman figures its own stress on the mediumprice market-pens retailing between \$5 and \$10-has stood it in good stead against the low-priced newcomers.

Eversharp, Inc., is another company that thinks the high-price market is

waning. People are no longer willing to pay \$15 for a pen, says a spokesman. Esterbrook Pen Co., big manufac-turer of \$2.30 to \$3.95 utility pens, feels it may have lost some sales to ball points-but points out that its sales have increased steadily, for a total gain of 78% in the last three years. Actually, it thinks the flurry over ball points may have helped. After trying ball points for a while, customers may be going back to conventional penswhich let you choose a point to suit

Since none of these big manufacturers will admit they're hurt much, Frawley must be finding his market elsewhere than in their bailiwick. Wherever this market is, there's no doubt that there's plenty of it.



# New Sales Horizons Through the 'NEW IDEA' Material...

VINYLITE Plastic Rigid Sheet has opened up to creative thinking a great new source of ideas and applications for virtually all products and services.

In Portion Control Packs, food-friendly VINYLITE Plastic Rigid Sheet helped bring a completely new product into being—individual servings of jams and jellies in sealed, disposable packages. Dish-type containers are automatically formed of VINYLITE Plastic Rigid Sheet to the desired size and shape, filled, and sealed with transparent plastic film.

Versatile VINYLITE Plastic Rigid Sheet makes a distinctive display package for Charbert men's toiletries. The colorful, transparent globe smartly highlights the theme, "It's a man's world."

Other uses for VINYLITE Plastic Rigid Sheet include light-diffusing ceilings; uniform, dimensionally stable drafting instruments; sturdy, easily cleaned, 3-dimensional signs, printed then formed, and doll faces colored after forming.

In the creation of new products . . . or improvement of the old . . . more and more designers and fabricators in plastics are finding their ideas in Vinylfre Plastic Rigid Sheet. And for good reason, with these outstanding features! This material is chemically inert, dimensionally stable, light, strong and washable. Available in several thicknesses and sheet sizes, in any color—transparent, translucent or opaque. It can be multi-color printed while flat, then pressure—or vacuum-formed to complicated shapes without distortion. For detailed information, write Dept. OM-62.

Vinylite

DIASTIC DIGID SHEETS



#### BAKELITE COMPANY

A Division of

Union Carbide and Carbon Corporation

30 East 42nd Street, New York 17, N. Y.

Portion Control Packs by Kraft Foods Company, Chicago 90, Ill. Package for Charbert, Inc., by Mechtronics, Corp., Mamaroneck, N. Y.



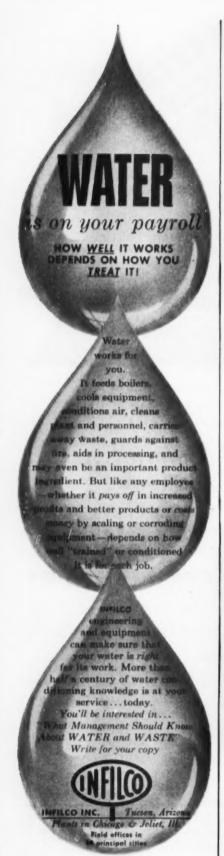
WEATHER-RESISTANT TV antennas are assured with VINYLITE Resin-base finishes. No chipping, even with this assembly method – forced-fitting of mast sections. By Thompson and Co., Oakmont, Pennsylvania.



EXTRA SMOOTH, more detailed castings come from shell molds, bonded with BAKELITE Phenolic Resins. Shell molds mean fewer rejects, weigh less, can be stored without deteriorating. Shell mold by Walworth Co., New York, N.Y.



GOOD FINISH, walnut mottle color, styling mark this indoor TV antenna base. Molded of BAKELITE Phenolic Plastic, it has good dielectric strength, resists impact, chemicals, heat and moisture. Molded for Spirling Products Co., Inc., New York, N.Y.



## Sizing Up a Retailer

Super Market Institute will issue reports—based on an exchange of figures—to show individual members how their operations compare with those of competitors.

Supermarket operators are about to get a service the grocery industry has long needed: regular, over-all reports that show the individual retailer how he stacks up in operating results compared with his competitors.

Next week, at their convention in Cleveland, operator-members of the Super Market Institute, Inc. will hear key findings of such a report, based on their first large-scale figure exchange.

This report, which will not actually be circulated to SMI members until June, will cover the first quarter of 1953. It will show an operator, for instance, how his store compares with others on average dollar sales per customer, on sales per man-hour, on store rental expense as a percent of sales. It will do this by giving the individual company's figure along with the median figure and the average figure—usually as percentages—for companies about its size in its region.

 The Blind—To many a supermarket man, who has seldom if ever had such information available and who never really knew just how good a businessman he was, it will be like coming out of the Dark Ages.

The food industry, over-all, is known as a steady industry, not subject to the violent fluctuations that show up in,

say, capital goods industries. But to the individual food retailer, or to the owner of a small chain, business is often far from steady. With thousands of dollars tied up in perishable inventory, he sees his business as a precarious one, with high turnover a must, and low profit margins a basic characteristic. To make matters worse, the food retailer has never had any good standards of comparison.

• Figure Exchange—The Super Market Institute decided a year or so ago that it was time to help its members put their operations on a more scientific basis. A primary step in this campaign was organizing a respected figure exchange system. William Applebaum, of Boston's Stop & Shop, Inc., chairman of SMI's Research Advisory Committee, was one of the main boosters for the idea. A year ago he sold SMI on calling in management consultants to help his committee develop a research program. They called in the New York management engineering firm, Cresap, McCormick & Paget.

The engineers didn't exactly start from scratch; other industries have been using figure exchange systems for years. Perhaps the best known reports based on exchange systems are those published jointly each year by the Controllers'



#### Taking the Sale to the Customer

Westinghouse Electric Corp. is taking the wares of its Standard Control Division to its customers' doorsteps. Its big display coach—shown making its first call, on Warner & Swasey Co., Cleveland—carries a full line of equipment plus a movie screen and seats for

12 people. Facing camera are Myron Curtis (left), W&S vice-president, and F. H. Clark, Westinghouse division sales manager. With backs to camera are Charles Stilwell, W&S president (left); Warner Seely, vice-president.



#### "AND THIS MEANS A LEFT TURN, DOESN'T IT?"

"It sure does, tommy. If grown-up drivers knew their signals and 'rules of the road' as well as you do, there'd certainly be fewer accidents!"

Being a safe driver is part of a car owner's responsibility—and so is carrying adequate automobile insurance, with safe limits of liability.

Talk over your needs with your friendly Hardware Mutuals representative. There's a lot you should know about Hardware Mutuals policy back of the policy.\* It assures you fast, sympathetic, day-and-night service wherever you drive in the U.S.A.—plus prompt, fair claim handling. Dividend savings returned to policyholders now total more than \$110,000,000.

Call Western Union by number, ask for Operator 25, and say you'd like the name and address of your nearest Hardware Mutuals representative. Contact him today!

Insurance for your AUTOMOBILE...HOME...BUSINESS

# Hardware Mutuals.

Stevens Point, Wisconsin · Offices Coast to Coast

HARDWARE MUTUAL CASUALTY COMPANY . HARDWARE DEALERS MUTUAL FIRE INSURANCE COMPANY



This is one of the 56 Thompson valves in a 28-cylinder aircraft engine. It's an exhaust valve, so it's always red-hot! And it is pounded up-and-down 1400 times a minute against a hardened valve seat with a white-hot cyclone of

A special alloy, perfected by Thompson, is forged by Thompson into a valve. Then a super-hard coat of another alloy is welded to the top of the head and the valve face to make it resist heat and hammering longer. The result is the famous Thompson TPM Valve...flying hundreds of hours longer in aircraft around the world.

This will give you the idea that Thompson knows a great deal about special alloys to operate at high temperatures...under tougherthan-usual conditions.

What are you planning that would benefit from this Thompson experience with heat-resisting alloys and their fabrication?

We'll be glad to discuss your problems with you.

VALVE DIVISION

### Thompson Products, Inc.

CLEVELAND 17, OHIO



Congress of the National Retail Dry Goods Assn. and Harvard University, for the department store and specialty store industry. By studying these reports, the engineers uncovered two requisites for success:

· Anonymity. Many stores won't participate if it means tipping off competitors to their sales volumes. SMI protects them by having its members submit their quarterly volumes and accounting ratios through the accounting firm, Price Waterhouse & Co. Price Waterhouse will submit the grouped data-with store identities removed-to SMI.

· Comparability. It would mean little to compare a \$2-million-a-year Grand Union outlet in northern New Jersey with a \$500,000-a-year independent in Richmond, Calif. So to achieve comparability the SMI has separated the single store and multiple store companies, has further classified them as to size, and finally has classified them as to geographic location.

· Uniformity Problem-Besides studying the NRDGA-Harvard reports, SMI learned much by polling its own membership on how they did business-for instance, what accounting methods they used and what information they wanted to get in the quarterly reports. The results of this survey, conducted last year, revealed that members ran their businesses in nearly as many different ways as there are companies in SMI.

Memberwise, SMI is large. Last year it represented 547 companies, 6,524 stores. About one-third of its members operate 'a single store; another third have between two and five stores, and the remaining third have from six to several hundred stores. SMI'S rolls include many big, well-known chains-Food Fair, Grand Union, Big Bear-but do not include the big four of grocery retailing, A&P, Kroger, American Stores, and Safeway.

Many of the independents and the smaller chains that belong to SMI have grown very rapidly since the war. Some were neighborhood "mom and pop" groceries half a dozen years ago. lot of these and methods of analysis are jerrybuilt at best, which means a program of education and conversion for SMI.

At the start, SMI found that 41% of the stores reported the item "delivery to stores" under cost of sales. The other 59% reported it as an expense. Half the stores treated cash discounts as "other income," the other half treated them as deductions from cost of sales. SMI has had to demand that no matter how the stores keep their own records, they must all report in the same fashion. Delivery to stores must be reported as an expense item; cash discounts must be treated as a deduction from the cost of sales.



Remington Rand Univac Electronic Computers Now Make Available...

#### **FASTER FACT-POWER FOR MANAGEMENT**

Reels of magnetic tape are utilized with REMINGTON RAND ELECTRONIC COMPUTER SYSTEMS solving intricate computations for business, for industry, for science, for government. They operate at speeds that put facts at management's fingertips with breathtaking rapidity. They give management today data which it formerly had to wait months to obtain.

One inch of magnetic tape, the input medium for Remington Rand UNIVAC, holds even more information than a punched card. One reel holds 1,400,000 numbers or letters. Two 4-drawer tabulating-card files, storing more than 20,000 cards, are compressed into a single eight-inch reel.

#### A Computer for Every Need

You expect leadership from the leader . . . and Remington Rand machines, using magnetic tape in addition, to all other input media, offer the greatest variety of equipment for every computing job.

With the UNIVAC Fac-Tronic all-purpose computer system you can switch quickly from accounts receivable to payroll preparations, to matrix algebra to differential equations. The new ERA 1103 general-purpose computer system performs feats of mathematical computations, industrial and economic planning, and automatic process control—at speeds undreamed of a few years ago. The Remington Rand Punched-Card Electronic Computer handles computations, records, and general accounting problems. (Also, Remington Rand will design and build computers to specifications to solve your specific problems.)

For free descriptive folder, "UNIVAC," EL 109.1, write on your business letterhead to Room 2851, 315 Fourth Avenue, New York 10, N.Y.

THE FIRST NAME IN BUSINESS ELECTRONICS

Remington Rand

Eckert Mauchly Division: Univac Fac-Tronic System

Remington Rund: Punched-Card Electronic Accounting Machines

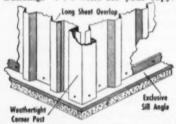
Engineering Research Associates Division: ERA 1103 General-purpose Computer System



Ideco Steel Buildings ... designed especially to meet your needs. An architecturally-proven building that is trim and business-like, inside and out ... a building you will be proud to own.

Ideco's deep-rib, square-column sheets can bear greater loads than ordinary corrugated sheet . . . fewer structural members are needed. And Ideco's predesigned parts, completely shop-fabricated, eliminate costly field fabrication . . . permit speedy erection by unskilled labor.

No matter what type of business you are in, an Ideco Permanent Steel Building can solve your "housing" need. There's proof of this statement in Ideco's informative booklet "Steel Buildings"... write for your copy.



Complete Weather Protection. Ideco's long sheet overlap, weather-tight corner post and exclusive sill angle keep out wind and moisture. All exposed portions are hot-dip galvanized for lasting rust protection.



#### FTC Loses Again In Cigarette Case

The "cigarettes are not a drug" decision handed down last fall by Judge Irving Kaufman in the New York Federal District Court has been upheld by the U.S. Court of Appeals in New York City.

The Kaufman decision (BW-Dec. 13'52,p80) halted attempts of the Federal Trade Commission to obtain an injunction against Liggett & Myers Tobacco Co. for the content of some of its Chesterfield ads. If FTC had won its point, it would have had a more rapid means of putting a stop to advertising that it doesn't like. The commission is authorized to deal more quickly with drugs than with most other commodities. FTC based its case against Liggett & Myers largely on the premise that cigarettes are a drug; but Kaufman did not agree. Nor does the Court of Appeals.

At the time of the Kaufman decision, FTC indicated that it would appeal to the U.S. Supreme Court if necessary, but the unofficial word in Washington is that the new regime is not anxious to pursue the matter any further. Chances are the Kaufman decision will stick.

#### Automobiles Pace Retail Sales Boom

Automobile sales have been the spark plug of this year's booming retail sales.

According to the latest monthly retail trade report from the Dept. of Commerce, the automotive group hit total sales of \$7.8-billion, a gain of 27% over the first quarter of 1952. Tires, batteries, and accessories were up a thumping 33%.

We've been having a hard goods boom. Furniture and appliance stores hit \$2-billion for the quarter, a gain of 9% over the same period last year.

All retail sales came to about \$39.3-billion, an 8% gain. Other groups did well but lagged behind the over-all advance. Apparel stores were up 7%, department stores 6%, variety and drug stores 4%.

# FDA Cracks Down On Bread Softeners

There were new moves last week in the Food & Drug Administration's fight to keep softeners of the polyoxyethylene monstearate type out of bread (BW-Jan.3'53,p34).

 In St. Louis a federal court nullified a stay against putting FDA's ban into effect. It agreed to hear an appeal against the order by Research Products Corp. of Kansas City, Mo. But it authorized enforcement of the ban pending a decision in the case.

• FDA immediately announced that it would proceed to sample bread shipped across state lines to determine whether any of it contained chemicals falling under the ban.

• Atlas Powder Co., maker of MYRJ 45, which is affected by the order, said that it had stopped supplying bakers with its product. But it voiced confidence that the National Research Council will issue a favorable opinion of the softener.

#### Those Wonder Drugs Are Trade Headaches

Wonder drugs may be wonderful for people, but they're turning out to be something of a headache for the drug industry.

First it was penicillin. Last year foreign demand slackened in the face of excessive output here. That hurt profits. And now that penicillin unit sales have gone up again and the price decline arrested, comes the threat of similar troubles in other lines. At the stockholders' annual meeting, Elmer Bobst, president of Warner-Hudnut, Inc., voiced this warning not only about penicillin but also about the "antibiotics of the so-called wider spectrums:"

"It is my feeling that the honeymoon for these miracle drugs, including the steroids, is about over. Both their selling price and rate of consumption will go down due to competition and to a better knowledge of the actual sphere of their usefulness."

# Do Sales Taxes Apply Out of State?

The old question of whether it is constitutional for one state to collect sales and use taxes in another state is headed up through the courts again. Two such cases made news last week:

In Arkansas, a chancery judge ruled that the state's use tax of 1949 does not apply to out-of-state firms selling to Arkansas citizens. Five companies are involved, all from Memphis, Tenn., where merchants do a lively business with people trying to avoid the Arkansas 2% sales tax.

The judge ruled that the law permitting tax collections across state boundaries violated the interstate commerce clause of the federal constitution. The case will probably be appealed to the Arkansas Supreme Court.

In Maryland, a group of some 40 merchants from Pennsylvania and Delaware are trying to upset an adverse

# Nylon Hosiery is a Sheer Delight-



Machinery and Equipment to Help People Produce More, Have More\_LIVE BETTER!

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### ALONG THE WAY ... OF

Perfect Shipping Harmony



WHEN INTRODUCING THEIR SENSATIONAL NEW ELECTRIC ORGANS, WURLITZER RUSHED THEM TO MARKETS THROUGHOUT U.S. VIA TWA AIR FREIGHT ... PROMOTED SHIPMENTS IN TIMELY NEWS ADS ANNOUNCING THE MODEL. SMART MERCHANDISING BY A SMART SHIPPER. GET TWA RATES TODAY.

CARGO "CANOE"

"SPEEDPAK" SERVICE NOW EXPEDITES SHIPMENTS THROUGHOUT EUROPE AND TO MIDDLE-EAST POINTS BEYOND TERMINALS OF TWA'S TWO WEEKLY TRANSATLANTIC ALL-CARGO FLIGHTS. UNIQUE CARRIER ATTACHED TO BELLY OF PLANES ADDS CARGO CAPACITY OF 8000 POUNDS TO REGULAR FLIGHTS.

# PATTERNS

WITH AN AIR ABOUT THEM GO TWA FROM N.Y. MANUFACTURER TO WESTERN OUTLETS. AIR CARGO SIMPLIFIES INVENTORY





court ruling by carrying it to the U.S.

Supreme Court.

This time the case involved a Marvland court ruling. The guinea pig is Miller Bros. furniture store in Wilmington. Del. Like other stores skirting the Maryland border, it ships to Maryland customers by common and contract carrier. The court says that the Maryland sales and use tax of 1947 on those "doing business in the state of Maryland" applies to Miller Bros. The U.S. Supreme Court has ruled in

several key cases. In one of them-the General Trading Co. case-the Supreme Court held that a firm that solicited in the state of Iowa, but actually sold and delivered the goods from outside the state, came under the tax rule and was responsible for collecting it.

The out-of-state merchants in the Maryland case say they don't solicit business inside Maryland, that merely making deliveries doesn't bring them within the law. They claim that the sales are consummated within their states, wherever delivery is made.

#### MARKETING BRIEFS

Textbook sales passed \$152-million last year, according to the American Textbook Publishers Institute. This is the biggest volume in history and represents a 7.8% increase over 1951, a 300% increase over 1939. High-school texts (up 12.7%) provided the gain as college text sales dropped 4.4%.

More "mature" women, those over 35, according to the Toilet Goods Assn., account for the fact that skin creams gained more new users in 1952 than any other toiletry product. The association, noting that 60% of all U.S. women are "mature," also reports that the girls buy 28% of the shaving soaps, creams, and lotions sold.

Neil H. Borden, professor of advertising at Harvard, has been elected president of the American Assn. Borden succeeds Gordon A. Hughes of General Mills, Inc.

Hi-fi reproduction equipment for the consumer market has been added by still another manufacturer. RCA-Victor is introducing its first line of highfidelity components. The line will include a record changer, AM-FM tuners, amplifiers, and speakers. The lowestpriced system that could be built from the components costs \$150.

Carpet recovery: The Carpet Institute says that first-quarter production (20.4million sq. yds.) of wool and blended carpets was up 30% over the first quarter of 1952.



Every angle completely covered . . . but one! When fire strikes during the night your skilled labor may go in the morning. The fully experienced Joes, Bills and Toms can't stand the financial strain of waiting . . . their time cards can become travel tickets to new jobs, while you're struggling to replace the ravages of fire.

The threat of losing your skilled labor due to an unexpected fire tragedy can be fully eliminated. With C-O-TWO Smoke or Heat Fire Detecting Systems plus C-O-TWO High Pressure or Low Pressure Carbon Dioxide Type Fire Extinguishing Systems your plant can have fast, positive, round-the-clock fire watchman service simultaneously at each fire hazard point.

At locations where a deep-seated, smoldering internal fire as well as a fast burning external fire might occur, the smoke detector of a C-O-TWO Smoke Fire Detecting System, based on an exclusive operating principle, automatically detects the first trace of smoke, smoldering or fire.

For locations where excessive heat or combustion might cause a flash fire, the heat detectors of a C-O-TWO Heat Fire Detecting System automatically sound a warning at the first flash of fire.

Then clean, dry, non-conducting, non-damaging carbon dioxide is instantly released from either a C-O-TWO High Pressure or Low Pressure Carbon Dioxide Type Fire Extinguishing System into the threatened area. The fire is out in seconds with little if any interruption to operations and the carbon dioxide disappears without a trace... one of the safest fire extinguishing agents known... harmless to equipment, materials and finishes.

#### WHEN BUSINESS STOPS . . . INCOME STOPS!

Don't take chances with your investment. Secure the benefits of highly efficient fire protection engineering today . . . our extensive experience over the years is at your disposal without obligation. Get the facts now!



MANUFACTURERS OF APPROVED FIRE PROTECTION EQUIPMENT

Squeez-Grip Carbon Dioxide Type Fire Extinguishers
Dry Chemical Type Fire Extinguishers
Built-In High Pressure and Low Pressure Carbon Dioxide
Type Fire Extinguishing Systems
Built-In Smoke and Heat Fire Detecting Systems

#### C-O-TWO FIRE EQUIPMENT COMPANY

NEWARK 1 . NEW JERSEY

C-O-TWO FIRE EQUIPMENT OF CANADA, LTD. . TORONTO 8 . ONTARIO

Sales and Service in the Principal Cities of United States and Canada

AFFILIATED WITH PYRENE MANUFACTURING COMPANY



We sponsor this series of advertisements about the Traffic Manager and his job because we believe the Traffic Man is management's answer to better and more economical movement of material.

- Chesapeake and Ohio Railway, Terminal Tower, Cleveland 1, Ohio



# Portrait of wasted millions

Many Traffic Managers are forced to hide their light under a bushel. The cost to industry runs into millions every year.

This story shows how a capable Traffic executive saved \$75,000 annually because his status permitted him to sit in on top-level planning.

The company we're talking about uses raw material, and plenty of it. Like every other industry it was well aware of the need for keeping an adequate reserve supply within easy reach, but there just wasn't room on the factory grounds.

Based on the "storage in transit" rule, the Traffic Manager worked out arrangements to store the reserve supply on a railroad's property and it is delivered direct to the plant just as needed. The company saves \$50,000 to \$75,000 a year by eliminating one handling, terrain loss and by lower inventory. And the railroad is quite happy over a system which automatically keeps this big customer's traffic on its line.

Here was another situation in which the Traffic Manager used his imagination and came up with an unorthodox solution.

It's just one more example of how your Traffic Manager can usually help find the answers, if he is aware of the problems.

As one of the great carriers of merchandise freight in the country, the

# Chesapeake and Ohio Railway

is vitally interested in any plan that will move more goods, more efficiently

#### **Blood Banks**

are major users of non-toxic Fibron extruded plastics

Non-toxic plastic formulations extruded by Irvington Varnish & Insulator Company are currently being used extensively in the handling and storage of whole blood and plasma, as well as in a number of other medical and surgical applications.

In blood banks—these extruded plastics (which are among the many formulations produced by Irvington under the generic tradename of Fibron) find one of their uses in the form of clear, flexible tubing which can be easily assembled over the needles used in blood collection kits. Clarity allows continuous observation of the flow and condition of the blood.

Flexible plastic containers for the storage of either whole blood or plasma were originally developed from Irvington extrusions and are now being used extensively by the Armed Forces and by Civilian Defense organizations.

Intravenous injections — such as the glucose and saline solutions frequently required in medical treatment—are also made by means of non-toxic Fibron tubing.

In surgical practice catheters made of Fibron extruded plastic tubing are used for the drainage of body fluids. Catheters of Fibron plastic can be left in the body indefinitely without formation of calcium deposits which restrict or block flow through the catheter passage. Here—as in other medical applications—the fact that Fibron can be subjected to repeated sterilization is an important advantage.

The medical field is one of many in which Fibron plastics, originally developed chiefly for electrical applications, are constantly finding new uses. Some of the major uses for Fibron—in both electrical and non-electrical fields—are illustrated in the folder, "Facts on Fibron." You may be interested in seeing a copy—the current uses of Fibron may suggest potential applications in your own business. Irvington Varnish & Insulator Company, 26 Argyle Terrace, Irvington 11, New Jersey.

## PRODUCTION



PHONE RINGS in San Francisco. It's a call dialed by East Coast customer. This customer will be . . .

BILLED from tape recorder that times and codes call at Bell Telephone System's office after mechanical . . .

# Bell Engineers Aim for an

The telephone industry in North America has been out of breath for years trying to keep ahead of its customers in the frantic race for phones. And the more talkers it gets on the lines, the more complicated the machinery gets to service the calls.

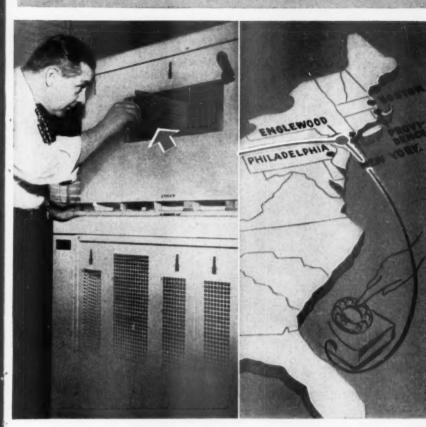
To simplify matters, the Bell Telephone System has been gradually switching from manual operations to automatic servicing devices. According to Bell, if it weren't for operator toll dialing, it would take 1.5-million operators instead of the 250,000 who are now on duty to put through long-distance calls

All-Out—Now Bell is going ahead full steam. It has just begun a big, long-term program that will launch some fantastic automatic devices. The "... ultimate goal," says one Bell official, "will enable any customer to dial his calls across the continent as easily as he now dials his neighbor across the street."

The program is so big, in fact, that Bell can't set an exact date for its completion. And its progress will depend somewhat on such things as the nation's economy, the labor market, availability of materials. Roughly, the best part of the program should be squared away in about 10 to 15 years.

• Three Steps—Generally, the switch from local to long-distance (or toll) dialing has three different phases. First, all customers in the U.S. and Canada will need dial-type telephones. The two countries now have about 60% of all the telephones in use. In the Bell System, 80% of the local service is now a dial operation; the rest will be converted in around 10 years, mostly in rural areas.

The next step is to convert longdistance circuits so that an operator in one city can directly dial a customer's phone in a distant city. Already more than 40% of the long-distance calls are put through this way, which is the



CARD TRANSLATOR selects open route and steers Englewood call to its destination, so that . . .

CALL GOES through from Englewood, N. J., automatically in seconds, without the aid of an operator, as . . .

# All-Automatic System

main reason for the speed-up in completing station-to-station calls.

Finally, the local and long-distance circuits will have to be hooked together as one integrated system. Customer dialing, says Bell, is now at a point that's comparable to that of operator toll dialing around 1943.

• Tie-In—Besides converting its nation-wide circuits, the Bell System also has a big job of coordinating with independent companies in the U.S. and Canada. There are 5,300 independents which operate 7.5-million of North America's 47.5-million phones. In that group, 1,800 exchanges of 490 private firms are tied into the Bell System for operator dialing service. So they can't be left out during the leaps-and-bounds shift to customer dialing.

The coordination is handled by intra-industry meetings. Before it fixed the map for its future dialing network, the Bell brass got together with the Canadian companies and decided to

include them in the toll dialing circuits. Bell's problems of intercompany dialing are worked out with a committee of the U.S. Independent Telephone Assn., the industry group for private companies.

• Standardization—A major point in the conversion is the compatability of the equipment that's used by Bell and the independents. Bell's gear is manufactured by Western Electric Co., Inc. The independents get theirs from private manufacturers such as Automatic Electric Sales Corp., Federal Telephone & Radio Corp., Kellogg Switchboard & Supply Co., or Stromberg-Carlson Co.

Early in the program, Bell worked out the general but basic requirements for the equipment it would use in the network. That was mainly aimed at the equipment made by private manufacturers and used by the independent operating companies. The needs were passed on, through the association, to the private operators. Recently, the



#### **Eliminate Mess!**

cost of towels • storing towels
filling cabinets • disposing of towels
cleaning washroom • plumbing service



All these savings plus better washroom service by installing the fast-acting, proven, automatic

#### NATIONAL HAND DRYER

 dries hands completely dry in 20 seconds.

No time when fast, chap-free, sanitary drying service is not available. National Dryers pay for themselves in 12 to 18 months; give quick, soothing drying service at the touch of a button.

#### DO YOU REALLY KNOW

how much your washroom service is costing you in actual money? Save 85c

out of every \$1 you are now spending for washroom maintenance! Fill in coupon and attach to company letterhead for complete information.

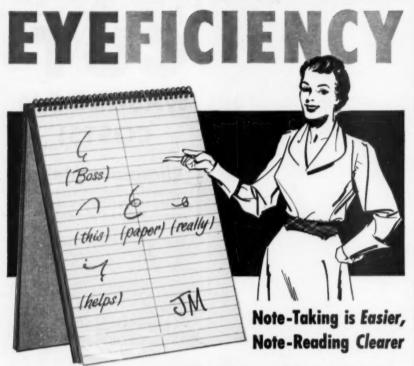


#### NATIONAL DRYER SALES CORPORATION

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MAKERS OF STOCK ACCOUNTING FORMS AND EQUIPMENT -LOOSE LEAF, BOUND BOOK AND VISIBLE

Rural Electrification Administration, a government agency that loans mostly to independent and cooperative firms for telephone construction, has also joined the receiving line for the industry's equipment requirements.

• The Heartline—To swing the conversion, the Bell System, and the independents working with it, will install new types of automatic gear or expand present circuits over the next several years. The current expansion includes the conversion to dial phones, and an increase in the capacity of the trunk lines that carry calls cross country.

The heart of toll dialing, either by the operator or the customer, is a system called common control equipment, or No. 4A. In effect, it uses the principles of an electronic computer, tailored for telephone work. Piece by piece, the common control gear will have these components:

• A card translator (similar to a punch card) that is the memory for toll dialing. It holds the routes and alternate routes that are needed to direct toll calls to their destinations.

• Marker equipment, which is a sort of electric feeler. The marker, after it is given the route, checks the outgoing cross-country circuits that are available. If one is free, the marker connects it to the customer, the operator, or another incoming circuit.

• Automatic message accounting, which is the billing department's tattle-tale for a customer's call. It monitors a call, marks the start and finish, punches the phoning time into a paper tape. Later, the tape is mechanically translated by the billing department.
• Key Points—The full package of com-

Key Points—The full package of common control equipment will go only into the key cross-roads along Bell's network of long-distance trunk lines. Much simpler equipment will handle the operations of smaller, less busy points in the network.

One thing that simplifies the problem is the fact that the common control gear operates for only a few seconds of a customer's call. Each part of the equipment is connected to the phone circuit for only as long as it's needed to supply information and complete the call.

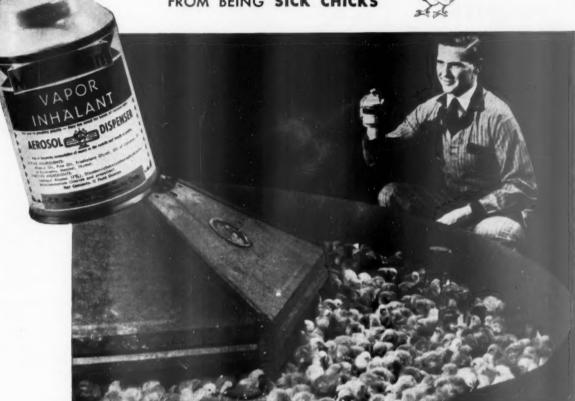
• Experiment—Englewood, N. J., a New York City suburb of 10,000 phone customers, was the first city tested for customer toll dialing. Here's how it works:

A customer might want to call San Francisco, or one of 10 other big cities, from Englewood. His directory tells him that the city number, called an area code, for San Francisco is 318. So he dials the area code, and the phone number of his party in the city. From start to finish, the completion of the call takes about 30 seconds at most. The other cities that can be

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"where they come to play and decide to stay . . . " directly dialed from Englewood are: Boston, Providence, Philadelphia, Pittsburgh, Cleveland, Detroit, Chicago, Milwaukee, Sacramento, and Oakland.

• A Giveaway—In the past six months, the test results at Englewood have given American Telephone & Telegraph Co., the long-distance coordinator of the Bell System, a slew of information about the habits of its customers. The lion's share of the toll calls, for example, went to New Jersey and New York suburbs, Boston, Providence, Chicago, and Detroit.

These statistics will help Bell engineers and traffic experts plan for customer toll dialing in other cities.

• Easy Stages—In the years ahead, the components of common control equipment won't be installed in a lump, city by city. Instead, the system will gradually shift to the different components one at a time.

Right now, for instance, Washington, D. C., is getting ready for a change-over to automatic message accounting, slated for this fall. Furthermore, the system will be centralized in one exchange. Then, Washington customers and those in suburban Virginia and Maryland will be able to dial each other directly, and make their own calls to Baltimore. Thousands of these daily calls are now handled individually by company operators in several offices. And, lately, the work load has been hard to handle economically.

• Punch Card—In Pittsburgh, a card translator, another part of common control gear, is being installed for operation this year. This machine is akin to a punched-card type of International Business Machines, or Remington Rand. Its routing of a call, through a direct circuit or an alternate one, comes from a predetermined punched metal card, one of a thousand inside the machine.

That way, Pittsburgh operators won't have to spend time fishing through a big directory book, looking up the route for a toll call. An operator just keys the call's destination into the translator, and forgets about the routing

• A First—One design feature of the translator is that it is equipped with transistors that work like radio tubes and photoelectric cells (or magic eyes). That makes the translator one of the first big industrial products ever equipped with transistors, originally a development of Bell Laboratories. Beams of light pass through the information punches in the metal cards, and are picked up by light-sensitive transistors. There the light is converted into weak electric signals. To make them useful, the signals are in turn amplified by point-contact transistors that are similar to electronic tubes.

#### **PRODUCTION BRIEFS**

Germanium, the \$350-per-lb. metal used in transistors, may quite literally be harvested from vegetation growing in areas where the underground water has a high germanium content. A research chemist at Johns Hopkins University reports that, after reducing hundreds of samples to ash, he found germanium content as high as 5%, contrasted with 0.1% in "promising" veins of coal fields.

Pigskin is being used to make workshoes at Wolverine Shoe & Tanning Corp., Rockford, Mich. After seven years of research, growing out of leather shortages during the war, the company has perfected a machine that turns out whole skins; previously small chunks had to be hacked off by hand. Shoes are priced no higher than ordinary cowhide, are cooler and lighter.

A color film scanner unveiled by Philco Corp. may solve one of the major problems of color television. Philco researchers say color film can now be telecast and received on both blackand-white and color receivers, and that the new method provides better picture quality than that picked up on conventional camera tubes.

Fluorescent lamps are becoming a major source of light in the American home. Westinghouse estimates that close to 50-million new fluorescent home installations will be made in the next five years, as many as were made in the previous 15 years.

Celanese Corp. of America is diversifying into the field of low pressure thermosetting resins for laminating, casting, coating, impregnating, and molding. Celanese has purchased Marco Chemicals, Inc., of Linden, N. J., a pioneer in the development of polyester resins for plastic products.

Freight losses and damage claims paid by the nation's scheduled air carriers during 1952 were reduced to threefourths of one cent on every dollar of freight revenue. The Air Transport Assn. of America says this all-time record is particularly noteworthy because most air freight shipments are less-thantruckload lots, hence are very susceptible to loss or damage.

A steam turbine-generator unit just ordered from General Electric Co. for the River Rouge Station of Detroit Edison Co. will be the world's largest. It will provide enough electric power for a city of 700,000.



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<u>including</u>

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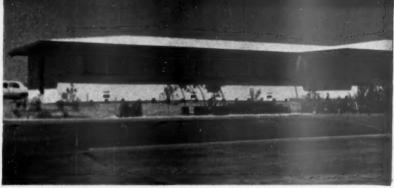
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MOBILHOME CORP. tinkered with the assembly line it uses to turn out prefabricated, preassembled houses (left), delivered a 59-room

# New Job for Prefabs: Building



ASSEMBLY LINE where the 38 separate sections were built handled sections 20 ft. wide, ranging in length up to 66 ft.



TRACTOR-DRAWN sections too heavy to cross the Kern River bridge were rerouted around a hill known as the China Grade.



FIRST SECTION reached site three weeks after work was started, was jacked onto previously built foundations.



OTHER SECTIONS, arriving at the rate of about two a day, were bolted together. After that, a stucco finish was added.



office building (right) to Standard Oil Co. in Bakersfield, Calif., in 90 days.

## Offices in a Hurry

It took an earthquake to jolt Mobil-home Corp. of America into broadening its business. Up until last summer, the company had limited itself to its original specialty—building prefabricated houses and delivering them practically assembled to the customer (BW—Nov. 26'49.p48). Now it's prefabricating single-story office buildings.

Mobilhome got into this new business almost in spite of itself last August, when a series of quakes reduced the business area of Bakersfield, Calif., to ruins (BW-Sep.27'52,p+4). One of the hardest hit companies was Standard Oil Co. of California, which maintains a large staff of people in and around Bakersfield. Standard had to provide a roof for 120 employees of its exploration department in a hurry.

• Birth of an Idea—Since space was at a premium because so much business property had been destroyed or condemned, it didn't take the company long to decide that the only solution was to build new office space. But regulation construction would take at least 10 months, and the exploration department wanted desperately to get settled in less time than that. Then one of the executives thought of Mobilhome. If that company could build a house in its factory and dolly it to the site, why couldn't it, in effect, build a lot of houses and bolt them together on the site?

The idea was greeted with some skepticism, but it was well known around Bakersfield that Hugh Curran, president and founder of Mobilhome, could fabricate a house and hand the owner the key in two weeks. Standard's Ray Peppin, an architect in the engineering department, looked over the Mobilhome setup carefully, and talked it out with Curran. Upshot was that Curran agreed to build the new building in 38 sections in 90 days. Work started Jan. 9, 1953; on Apr. 1, the department moved into its new building at Oildale, just outside Bakersfield. Standard wound up with a custom-

designed, 59-room, custom-built structure of 28,000 sq. ft., fully air conditioned, with fluorescent lighting throughout, and three fireproof vaults for storing seismographic records. Total cost: about \$320,000.

• Into a Boom—The feat was enough to launch Curran into the commercial construction business. A number of doctors and other professional groups have signed up for clinic-type buildings to be built in sections and joined on the site. Mobilhome is building a 3,500-sq.ft. office building for Jewett, Woodward & Pomeroy, Bakersfield cotton growers. Another prospect on the horizon is General Petroleum Corp., Los Angeles, a subsidiary of Socony-Vacuum. And Honolulu Oil Corp. liked Standard Oil's building enough to order one about one-third the size for its Bakersfield operations.

In addition to its Bakersfield headquarters factory, Mobilhome owns or franchises factories in Los Angeles, Modesto, Oxnard, San Diego, San Jose, and Santa Maria, Calif.; in Gary, Ind.; Milwaukee, Wis.; Minneapolis, Minn.; Phoenix and Tucson, Ariz.; and Spokane, Wash.

• Assembly Line Technique—Reason that Curran can turn out buildings so fast is that all construction is done on an assembly line. Also, there is no holdup on account of weather. Rain or shine, the work goes on. By the time the building emerges from the factory shed, it has its own heating plant installed—and the heating plant is already working. Gas is fed into the house, so the men can work in comfort. At the outdoor end of the assembly line, a truck-drawn moving rig goes under the house and takes it to its home lot.

In the case of Standard Oil's factory, that was a custom job from start to finish—not designed to fit a fixed pattern or module of the Mobilhome assembly line. The only limiting factor was the size of the component sections, and this was dictated by the width and traffic characteristics of the road that's

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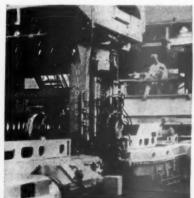
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between the factory and the site. Usually, haulage doesn't present much of a problem. Curran has moved houses as far away from the factory as 200 mi., although most of his houses are planted on foundations within a 10-mi. radius. If the project is big enough but the site too far away, he moves the factory to the site. That's how he is building 100 relocatable houses for the government at Hawthorne, Nev., within 60 days. He shifted a portable assembly line from Bakersfield to Hawthorne (about 450 mi.) together with a crew to man it. The economies of keeping a mechanic at a fixed work station rather than walking all around a house are great enough to warrant the move, Curran says.

Curran hires the best union mechanics he can find, gives them full-time, year-round jobs plus a share of the profits, and assigns them to work at a place where they won't have any occasion to wander around and waste time. The result: They produce. Curran points out that the Standard Oil building was about 900 ft. around its perimeter. Turn loose a crew of mechanics on a project like that, and they could waste a terrific amount of time just walking from place to place.

• Looking Ahead—Curran isn't certain just what the limitations on the prefabrication technique for commercial construction are. He's inclined to think that a single story and roof is as high as he should go. Then he remembers that the Standard Oil structure—with a 291-ft. front and wings 200 ft. deep—looked tough on paper. But it got built.



#### Mill Rolls Uranium Bars

The Atomic Energy Commission announced this week that the first U. S. mill, designed and built by Birdsboro (Pa.) Steel Foundry & Machine Co., for production rolling of uranium into bars has gone into operation at the commission's Fernald (Ohio) uranium production center. The center, operated by National Lead Co., produces uranium for AEC fissionable materials plants.



Man at left is not riveting, but tightening nuts on bolts with power-driven wrench. The rivets in lower part of picture had been driven previously, in the shop.

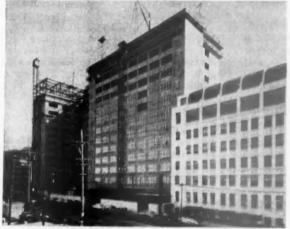
## 14-Story Medical Building Erected Without Riveting

Construction of the new Medical Sciences Building, teaching unit at the University of California Medical Center in the Sunset district of San Francisco, posed a special problem. For right at the edge of the site were hundreds of hospital patients for whom the clattering of riveting hammers for hours every day would be an ordeal.

To spare the patients, the building's architects, Blanchard and Mayer, called for erection of the steelwork with bolts, and Bethlehem Pacific, West Coast subsidiary of Bethlehem Steel, set in place the 2,000 tons of columns and girders without the rat-tat-tat that commonly signalizes steel going up.

The job required over 70,000 bolts. Some of them came from Bethlehem Pacific plants on the Coast, while others were special high-strength bolts from Bethlehem Steel's plant at Lebanon, Pa.

The Medical Sciences Building is one of the first buildings of this size to have a bolted steel frame. Now the practice of erecting steel structures with bolts is spreading. Buildings with bolted connections are going up in all parts of the country, with resulting saving in time and elimination of riveting noise.



The Medical Sciences Building at San Francisco as it neared completion, with some unenclosed steelwork still visible at upper left. The adjoining building at right is the Medical Center hospital.

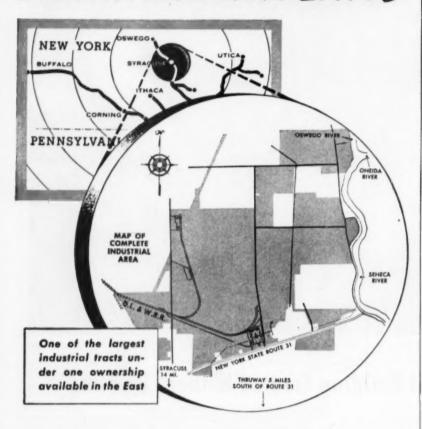


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## Lackawanna Railroad

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. . . capacity has been growing along with steel. Newest large furnace is going up in Cleveland.

In all the glamor of the steel industry, developments in pig iron are often overlooked. In the past five or six years, while the rise of new steel plants has been widely ballyhooed, the capacity of the merchant pig iron industry has been steadily growing in a quieter sort of way.

Most pig iron producers are steel companies, who further process the product. Pig iron production is the first step in purifying newly mined ore. To get rid of the ore's impurities, it's dumped into blast furnaces with coke and limestone. Then it's poured into molds called "pigs"—hence the name.

The merchant pig iron producers, however, turn out the pigs for sale-to steel companies or to iron foundries that makes cast-iron parts.

The latest expansion in merchant production took shape on May 12, when ground was broken for construction of a 1,350-ton-per-day iron furnace in Cleveland. It's being built by Arthur G. McKee & Co. for American Steel & Wire Division of U.S. Steel Co., for about \$11-million.

· Newcomer's Plans-Over-all, the market for pig iron is extremely spotty, and some producers in the South are overproducing. But the new furnace has a hefty customer lined up-the new Ford Motor Co. iron foundry in Cleveland. Most of its output is earmarked for

The furnace, when completed in about 14 months, will be able to handle as much iron as the two American Steel & Wire furnaces already operating in Cleveland. It will be capable of producing any of the five standard classes of pig iron-Bessemer, malleable, phosphorous, basic, and foundry. But American plans it mainly for production of Bessemer and foundry pig iron.

· Economy Factor-That's because customers call for Bessemer and foundry irons in much higher tonnage lots than the other types. That means a long run, which brings the economies of the huge American furnace into play. A run of less than five days production of a single type of iron would not permit the company to cash in on the built-in economies. American's 800-ton and 600-ton furnaces will be used for the shorter runs of any of the standardized 164 grades of pig iron that casters use.

The problem of short-run orders largely explains the fact that, while steel companies have been building 1,500ton furnaces, much of the expansion of merchant producers has been of the 700-ton and 850-ton size. The steel companies use the furnaces to produce hot metal for their open hearths or for long runs of fairly constant grade—such as that planned for American's latest furnace. While a smaller furnace requires the same manpower as a big job, it's still more economical for the company faced with uncertain orders.

• Standards—One development that's brightened the picture for small furnaces in recent years has been the standardization and classification of pig irons, which has cut down the variety of kinds of iron ordered by customers.

In about the 1920s producers first started to take into account the method of manufacture, the intended use, and the chemical composition of pig irons for production. Customers soon found that certain irons were better for some purposes than others. They started specifying on their orders the precise content of certain chemical elements desired. The result was that, until 1940, the customers' metallurgists and chemists had a field day specifying whatever they thought was best.

The free-for-all got increasingly tougher on the pig-iron operator. So in 1941, the standards were set that specified five standard types of iron and

164 grades.



### Stilt Stunt

Stilts have replaced scaffolds for venturesome workers installing ceiling insulation for Hugh R. Dodge Co. Twelve members of the crew are successfully installing insulation with no ladders, no scaffolds, and so far no casualties, according to Hugh Dodge, head of the company. Suppose you have a thriving business.



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## **NEW PRODUCTS**

### A Lid on Oil Loss

Evaporation of crude oil stored in huge refinery tanks costs the petroleum industry millions of dollars each year. Standard Oil Co. (Ohio) estimates its losses at close to 4 bbl. per 100—about \$1-million a year at current prices.

Now Standard has found a way to cut its losses to about ½ bbl. per 100. The trick is to float millions of tiny nitrogen-filled plastic balls on top of the oil. Dust-size "microballoons" (diameters range from 0.0001 in. to 0.003 in.) form a blanket of foam that rises and falls with tank levels and practically cuts off contact with the air to cut down on evaporation.

Microballoons are either mixed with the crude oil as it is piped into the tank, and then rise to the top, or are spread on the oil after it is in the tank. Cost is about 80¢ per lb. on a semicommercial basis.

A microballoon roof adequate for a storage tank 100 ft. in diameter costs roughly \$5,000. Standard says this represents a saving of \$15,000 to \$25,000 over the floating steel roof that is used for the same purpose in some areas.

• Source: Standard Oil Co. (Ohio), Midland Bldg., Cleveland 15, Ohio.

### **NEW PRODUCTS BRIEFS**

Nylon brushes to strip both cotton and burr from the stalk are a feature of a new low-cost cotton harvester put out by Dearborn Motors Corp., Birmingham, Mich. The harvester can be attached to any model of Ford tractor; raising and lowering of the harvester head is controlled by the tractor's hydraulic system. In field tests, it has harvested up to an acre and a half per hour.

Seepage of water from irrigation systems, stock ponds, and reservoirs is guarded against by Johns-Manville's asbestos Pre-Fab Canal Liner. The liner comes in rolls 3 ft. wide containing 108 sq. ft. Joints have a 3-in. lap, sealed with fast-setting cement. Once installed, the liner is covered with backfill for protection.

The "continental look" for automobiles has spawned another gimmick on the West Coast. Stylecraft Automotive, 403 W. Solano St., Los Angeles 12, Calif., has a "Falsie" tire mount, that looks like a continental outside mount, but contains nothing at all. The Falsie is installed without welding or cutting; the real tire remains in the trunk.

Durable and silent: That's the claim for a new friction catch designed primarily for kitchen cabinets. The catch has a polyethylene cup that is elastic enough to squeeze a round screwhead. The maker, Washington Steel Products, Inc., Tacoma, Wash., says the catch won't break because polyethylene is tough and there are no moving parts; is silent because the plastic acts as a cushion.

Microjet is a tiny, pneumatic device that controls turbine discharge pressure on jet engines. Developed by Solar Aircraft Co., San Diego, Calif., the device automatically computes what discharge pressure should be under all flight conditions, and notes any discrepancy between ideal and actual pressure. When there is a discrepancy, electric signals flash to other engine controls that rectify the pressure.

Transparent stamps, made of Plexiglass, help in stamping conventional symbols on engineering drawings. The transparent quality makes it possible to orient the symbol embossed on the stamp with existing lines on the drawing. John Griffin Co., St. Paul, Minn., is the maker.

Phototraffic cameras for tracking down speeders can be attached to police cars. The cop lines up the camera on a fixed object across the road and snaps two pictures, 1/17th of a second apart, when a speeder goes by. The pictures give photographic evidence of speed, according to the maker, Sargent & Greenleaf, Inc., Rochester 21, N. Y.

Flexisort is a new marginal punch-card system developed by Superior Business Machines, Inc., 122 E. 42nd St., New York 17, N. Y. The new machine uses any kind or size of card, unpunched. It also permits conversion of existing files into marginal punch cards without transcribing information.

The electrical industry has a new silicone rubber compound to use as insulation to protect coils and their small components. General Electric Chemical Division at Pittsfield, Mass., developed the product, which it claims is far more flexible and crease-resistant than previous silicone coatings.

Selenium rectifier cells convert a.c. power into d.c. in a small, self-contained unit offered by American Rectifier Corp., 95 Lafayette St., New York, N. Y. The company says its new unit is silent, requires no warm-up, lasts more than 15,000 hours.

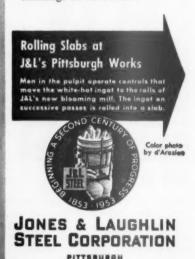
# In steel's blooming mill ... your future takes shape!

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This is the first of a variety of forming operations that steel passes through on its way from furnace to fabricator to ultimate use by you. In steel's blooming mill your future takes shape. Your work, your play, and your freedom depend upon the ingots that pass through the rolls of the blooming mill. Nearly everything you own has some steel in it or relies upon steel for its manufacture.

At J&L, steel-making is geared to the ever-growing importance of producing more and better steels. For 100 years, J&L has been pioneering in the steel business. Today finds J&L mills and finishing operations expanded and modernized. J&L's long-range planning has an eye on future problems and demands.

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Blast furnaces aren't satisfied with only three square meals a day . . . once fired, they feed continuously for months on end. To meet its need for furnace feed, the nation's steel industry requires a steady stream of raw materials totaling millions of tons a year.

Key to this giant feeding problem is the use of such products as Hewitt-Robins belt conveyor systems (both belting and machinery), self-unloading boats, vibrating screens, car shakeouts and complete ore blending systems. Only through the utilization of such modern materials handling equipment and systems can sufficient tonnages of iron ore, coal, limestone and coke be processed and conveyed.

The steel industry is another typical example of the way in which Hewitt-Robins engineering services and products, including more than 1,000 types of industrial rubber hose, contribute to America's industrial progress.

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ROBINS ENGINEERS DIVISION: Designing and constructing materials handling systems RESTFOAM DIVISION:

Restfoam pillows and comfort-cushioning

Hewitt-Robins is participating in the management and financing of Kentucky Synthetic Rubber Corporation

## INSTITUTIONS

## **Combing Out Facts for Business**

National Industrial Conference Board is a clearinghouse of information on many diverse subjects.

This week the staid and conservative National Industrial Conference Board held its 37th annual meeting, in New York City. The members discussed, among other things, productivity, credit policy, management controls, production costs, post-defense adjustment, and the general business outlook.

They also elected a new chairman. Cola G. Parker, president of Kimberly-Clark Corp. and formerly one of NICB's vice-chairmen, stepped up to take the place of Neal Dow Becker, chairman of Intertype Corp.

 Information—Parker was a busy man before he got the top slot this week. Not only was he vice-chairman; he was also chairman of the trustees of the board and a member of several special committees. Now, as NICB's chairman, he'll keep right on being busy. He heads a big and many-sided organization.

Essentially, NICB is a nonprofit, business-sponsored gatherer of information. It serves as a clearinghouse for facts and figures on business practices, and on the economic climate in which business lives.

Originally, when it was first set up, it took upon itself the ambitious task of serving as spokesman for all of industry. During World War I the government recognized it as such. But now it doesn't speak for anyone. It's strictly a fact-gathering institution—one of the biggest in the country—and its voice is so low-keyed that you'll hardly find a flat conclusion anywhere in all its voluminous reports. It presents the data. Businessmen draw their own conclusions.

Its members are from the upper strata of business. There are 30 men on the board of trustees—top executives of top companies. There are 260 men on the general policy board—also top executives of top companies. And the roster of NICB's general members (called associates) reads like a Who's Who of American business.

 Communication—NICB deals largely in statistics. This, in spite of the fact that—as a statistics-using economist himself told an NICB meeting earlier this year—"statistics are always boring."

The average businessman swallows his quota of statistics with the same enthusiasm he used to show toward the annual spring tonic of sulfur and molasses. But he takes it. He has to if he wants to keep up with the competition.

Modern business is getting to rely more and more on new statistical techniques, wider and more comprehensive sources of information. The research survey has fast become one of the most useful of management tools. And one of the most notable changes in business practice has been the broadening of the field of communications.

Businesses used to guard their methods of operation jealously. No one told anyone else anything. But times have changed. Individual enterprises now watch closely how other companies handle problems. If you have a problem to solve, you may get a good solution—or you may not. But if you know how other companies have handled the problem in the past, you get a better idea of which way to head out yourself. That's where NICB comes in.

• Watcher—The board is constantly making surveys about what different corporations are doing. The studies run the entire gamut of corporate practices. Topics cover as wide a range as does business itself. And almost all of the reports issued are how-to-do-it manuals. Management men say that most of these manuals give information you can't get anywhere else.

In the field of business policy, past work has included reports on such subjects as methods of sales forecasting, dealer training, plant location techniques, expense budgeting, new product development. In personnel policy, surveys have been made in supervisory training methods, employee education, absenteeism controls, workers' stock ownership plans, paid vacation practices. Salary surveys document the methods and rates of salary compensations for workers and executives.

In essence, NICB fills what would otherwise be a large-sized hole in corporate communication. Efficiency depends largely on a knowledge of alternative courses. The board shows the different methods of handling a given situation. It doesn't tell you which is best. It just disseminates the information.

• Impartial—The organization has

come a long way since it first set up shop. Some of the early reports were good—but of others, one critic back in 1918 said this: "The anonymous authors of these reports reveal all the



COLA G. PARKER this week moved up as chairman of the many-sided NICB.

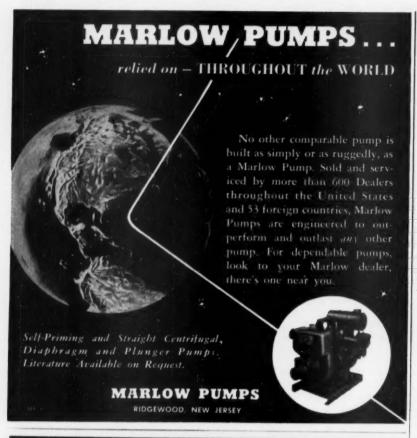
mental characteristics of the shyster lawyer who picks up a precarious living in the police courts."

Since that time NICB has taken great pains to build up a reputation of impartiality and unbiased presentation of its research. It does not propagandize—and by charter it is forbidden to attempt to influence legislation. In this point it is probably unique among business-sponsored organizations. Most groups—no matter how reliable—have a specific objective of bringing others around to their way of looking at things.

If the conference board can be said to have a basic philosophy, it can be found in the views of John S. Sinclair, full-time president of the organization. He states clearly that the government has grown too big—and is intruding too much in the affairs of all sections of society.

• Prices—One of the chief functions of NICB—particularly true before the government set up its elaborate statistical departments in the 1930s—is to pioneer in new fields. The board's economics staff likes to call attention to its work in the development of economic statistics. Until the government got its monthly consumer price index under way in the mid-30s, NICB was about the only organization that did any work in the field.

The board still keeps its data current—although it admits that the Bureau of Labor Statistics' index is good. But the board thinks that, because living







costs are important in wage contracts, someone ought to keep an independent check alongside the government's—even though it runs to a considerable amount of time and expense to compile the series.

Lately, the board has been focusing the spotlight on national wealth studies. Development of this procedure will set up a double-entry bookkeeping system for the entire economy. It will lead to a much broader understanding of just how the economic system operates.

• Membership – The board cuts a swath through the business community. It has a membership of 3,300 from just about every phase of business activity—even including 21 labor unions, which, along with libraries, get a special membership rate. There is no standard charge to each of the members. Some companies get dozens of the reports—and pay a higher rate.

NICB operates from the contributions it gets from its members. President Sinclair wishes they would kick in a little more. He says that some useful projects are held up by lack of funds.

• Growing—Spending runs to about \$1\frac{1}{2}-million a year—about four times what it was prewar. But since then the entire organization has grown. The membership has doubled in the period. The operating staff is made up of 165 people—and is pretty prolific by most standards. But some say it is spread too thin.

The annual output of material includes around 25 or 30 major reports a year, the Economic Almanac (a handbook of facts and figures), 12 issues of each of the monthly reports named Management Record, and Business Record, a weekly summary and preview sheet, and a weekly business summary and statistical indicator. It adds up to about a foot-and-a-half pile of reading matter.

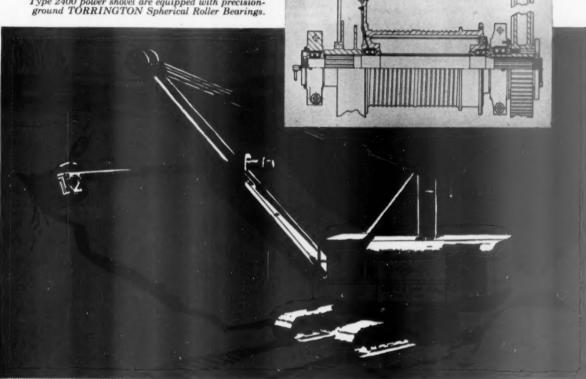
 Shifts—Like any growing organization, NICB is constantly reappraising its purpose and shifting its focus to fit the trend of the times. The economic section has moved, over the years, from long-range studies of the structure of the economy to more immediate economic problems.

Martin R. Gainsbrugh, director of the NICB's Division of Business Economics, is now trying to head the section back into some longer-range studies. He wants to find out more about the structure of the postwar economy and how much sustaining power there is in postwar markets.

Interest in market potentials has filtered throughout the entire organization. As business goes into the postdefense phase and competition gets tougher, the board will be looking into the changing composition of domestic and foreign markets in future studies.

· Extensions-NICB's newest major

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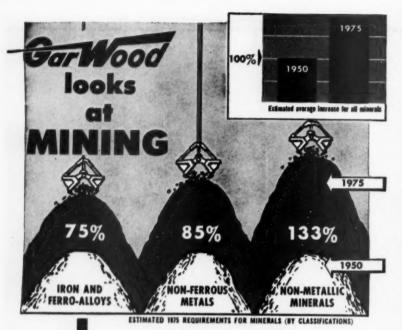
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MERICA'S appetite for materials is Gargantuan-and insatiable. In 1950, for example, Americans consumed 2.7 billion tons of materials including 390 million tons of metallic ores and 60 million tons of non-metallics . . . everything from asbestos to zirconium to feed and fuel the gigantic maw of American industry. Indeed, since the outbreak of World War I, the United States has consumed more metals and minerals than were used throughout the world in all the centuries preceding.

Today, our use of minerals rises twice as fast as the total of all other materials combined. By 1950-in comparison with the year 1900-we were taking from the earth three times more copper; three and one-half times more iron ore; four times more zinc. And, as our population grows and as the productivity of labor increases, we will use still larger quantities of materials. In the 1970's, PMPC\* studies show, U. S. consumption of iron might logically rise by 75 per cent over 1950 usage; cobalt by 344 per cent; nickel by 100 per cent; lead by 53 per cent; bauxite by 291 per cent and magnesium by 1845 per cent. By 1956, prominent authorities predict a two-billion dollar growth in the mining field.

Truly, to the men who will dig for it, the veins of the earth offer a rich harvest of ore and metal. But, to dig faster and more economically-to meet the increasing demands of industry-men must turn to machines . . . tough, fast, dependable machines like the Gar Wood products that work at mining throughout the world. Gar Wood Shovels dig and load ores into heavy-duty trucks equipped with special Gar Wood Dump Bodies and Hydraulic Hoists. Gar Wood Dozers move and pile minerals; and Gar Wood Scrapers remove overburden and build roads for the ore trucks to travel. Yes, all over the world, Gar Wood machines help tap the veins of the earth to insure peace and plenty.

\*President's Materials Policy Commission















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### "... some ideas grow out of auestions that come into the information center . . ."

NICB starts on p. 77

venture has been the introduction of its education department in 1947. The main job of the division is making available the board's Road Maps of Industry charts for teaching aids. These weekly charts depict various aspects of the economy such as national product, how tax rates affect various income levels, prices, productivity. The education department sends them out to a mailing list that now has reached a total of some 30,000 high school teachers. NICB is forbidden by charter to propagandize, so the charts steer pretty much away from anything that could be used as a club with which to beat the political opposition.

Another extension of the board's activities was recently introduced by scheduling conferences in different cities around the country, instead of only in New York. These more or less follow the same procedure that is standard for the board's New York meetings -selection of about five major topics dealing with business and the economy, which are then discussed by experts in

the fields. · Problem-One of the problems that is puzzling the board is how to get better distribution of its research. Its mailings often go directly to the top man in a corporation. Often he keeps the entire series for his own information-doesn't pass it along to the operating staff. The officers in some companies who would be most interested in the various reports don't see them or even know they exist. NICB points out that all they have to do is ask for other sets-and the board wishes they would.

· Picking Subjects-To make sure that research is done on subjects that are both interesting and important, advisory councils meet frequently and pick out the trends in their fields. councils are large for advisory groupsand are staffed by experts. For instance, the advisers on opinion research include such top-notch pollsters as Archibald M. Crosslev, George Gallup, Rensis Likert, and Elmo Roper.

Some of the ideas for studies originate with the advisory groups; some come from the staff of the board itself; and some grow out of the questions that come into the information centerthe library, which is one of the largest private business libraries in the United

About 30,000 inquiries come in a vear. Most are just routine requests. But when some subject begins to get a heavier play than usual, it is considered as a possibility for a major report.



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## INDUSTRIES



TINY TALKER, parakeet, is a top seller today. Howard LaVine of New York's Trefflich's store says sales top canaries by 5 to 1.

## Parakeets: A Fad Makes Smuggling Pay



SMUGGLED BIRDS cross from Mexico on packboards or stacked in pickup trucks.

Over the past year, a countless number of Mexicans have padded stealthily across the border of the U.S. carrying a strange and chattering cargo. From towns like Mexicali and Tijuana, they have set out with packboard loads of bird cages. Trudging along isolated mountain trails, they have walked miles to slip across unfenced sections of the border, finally delivering their fluttering payload to waiting trucks on the U.S. side.

This pussyfoot importing, which customs officials believe may amount to "millions of dollars," has involved a somewhat startling kind of contraband—tropical birds. And most of the smuggling has been in one type of bird—a small, parrot-like creature called the parakeet for which the American pub-

lie these days seems to have an insatiable appetite.

 Forbidden Pets—For years, sales of parakeets and of other members of the psittacine family were banned in many states and cities. Health laws barred them as carriers of psittacine fever, a pneumonia-like disease that is highly contagious and sometimes fatal to hu-

Since the war, a great many of these anti-parrot laws have been wiped off the books. One reason is that research has shown psittacosis occurs in animals and many birds—not just in parrots.

• Boom—The raising of New York State's ban a little more than a year ago seems to mark the beginning of what has become an unqualified boom for Polly and her friends. And most of this has been a rush to parakeets; pet shops throughout the country complain they simply can't get enough of them to

supply the demand.

Parakeets, which when trained are affectionate little nippers that talk and love to do tricks, sell for \$7.50 to \$15 each in most pet stores. (This is the price for birds in the common green or blue colors; rarer-hued specimens can bring up to \$200.) Although there is no way of precisely pinning down the market, one estimate is that at least 100,000 have been sold in the U.S. in the last six to eight months.

• No Imports—But though sales of parakeets are now sanctioned in most areas, imports are still taboo. It is possible for parakeets to be brought in by private individuals under certain conditions, and shipments for zoos and medical research are allowed. But the U.S. Public Health Service keeps a closed gate on imports for commercial pur-

poses.

Some parakeets, of course, are being raised in the U.S.; they breed easily and rapidly. But the types that are in greatest demand—the hybrid strains with unusual colorizations—take eight or nine years of inbreeding and crossing to develop. Most bird farms simply haven't had time since the boom developed to build up these strains. Thus the smuggling.

 How It Works—Rae V. Vader, customs agent in charge of the Customs Agency Service District that runs from San Ysidro (near San Diego, Calif.) to Calexico says the operation works this

way:

Legitimate breeders in foreign countries--Holland, Belgium, France, Australia—get orders for birds from people in Mexico City and are paid at the going rate (about \$3.50 a pair for ordinary types.) The birds are shipped by air in cages of about 200 to Mexico. All this is perfectly legal, since Mexico has no ban on imports.

The Mexico City people apparently make very little out of the operation, selling the birds to smugglers at a small profit above the European price, plus freight. But sell they do, and the smugglers then fly the birds to Mexicali, or Tijuana, or a more eastern point. From there they are sneaked across the border by foot or truck and moved to one of the "bird farms" in the Los Angeles area.

The farms sell the birds to retailers or brokers, usually on a tie-in plan with the buyer having to take 200 or 300 pairs of culls to get 100 pairs of rare birds. The Bureau of Customs points out that it feels most retailers buy in good faith from these farms; they have no obligation to find out where the



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birds come from, and the birds don't talk well enough to tell.

• Trapped—In the last 18 months, Vader's men have nabbed 7,000 birds along their section of the border and arrested 42 persons, among them nine U.S. citizens in the last month. This, Vader estimates, was probably no more than 1% of the shipments in his area.

Thus, on one section of the border alone, possibly 700,000 birds have been smuggled in in the last 18 months. And it's known the ring operated all along the border, not just in one section.

Vader has no way of knowing how many birds—even among those he caught—were infected with psittacosis. But he did turn over one seized batch of 600 rare birds to the San Diego Zoological Society, which runs the San Diego Zoo. The birds were kept in quarantine for 30 days and, by then, so many had developed psittacosis that zoo people had to destroy the entire lot.

• End in Sight—The arrests last month, customs people believe, nabbed the ringleaders of the smuggling setup. That should stop the biggest part of the importing—at least temporarily.

From a longer view, practically all smuggling should end once domestic farms have been able to develop more of their own hybrid strains. In the meantime, customs officials will remain grateful to "stool pigeons"—birds like the macaw whose persistent squawking one dark night enabled them to nab a train of packbearers slithering across the border with avian contraband.



### Italy's New Queen

The Cristoforo Colombo, Italy's latest and largest passenger liner, slides into the water after being launched formally at Genoa. The 30,000-ton ship will carry 1,264 passengers.

## COMPANIES

## Hughes Aircraft Co.: Plum for Sale?

Rumors are flying that Howard Hughes is selling the company—or parts of it—to Lockheed.

If so, both parties stand to make a big gain; Hughes Aircraft has made giant strides since 1948.

Today it's a streamlined outfit that's pulling ahead fast in the advanced electronics field.

For months now one of the hottest rumors in the aviation industry has been the sale of the Hughes Aircraft Co.'s electronic manufacturing facilities. The most recent and most likely looking buyer on the horizon is Lockheed Aircraft Corp.

In recent weeks the deal is said to have cooled, then warmed up again. Robert Gross, president of Lockheed, practically snapped at a stockholder who asked, during the question period at the annual stockholders' meeting, if the company had a deal with Hughes. Gross replied, "We have no deal with Hughes Aircraft."

At the same time, a Hughes spokesman said, "We have no deal with Lockheed." Another Hughes voice put out the word that Howard Hughes intended to keep the plant, which is a division of Hughes Tool Co.

But people who know Hughes well claim it just isn't like Hughes to make such a move before a long period of dickering and dealing. They say he is still cooking it.

• Piecemeal—Meanwhile, there are a variety of rumors flying as to just what the deal would be. One of the earliest was that Hughes wanted to trade the plant—as much of it as he would sell—to Lockheed for some Lockheed Super-Constellation transports for Trans World Airlines (Hughes owns 74% of TWA)

The sale evidently is not to be lock, stock, and barrel. Hughes reportedly will not sell the aeronautical part of the company or the land, other than that under the plant building. He would keep the extensive airport and contiguous property. In fact, the story now is that Hughes at present plans to sell few of the tangibles. He wants to sell the organization, the work in progress, and current contracts. He would keep the cash, and retain title to the buildings and equipment, leasing them out to the new "owner."

• A Plum-If Hughes ever makes a sale, straight or otherwise, it should

make him a tidy profit. Since the Hughes enterprises are not publicly owned, exact figures aren't published. But a variety of sources indicate that, out of the deal, Hughes would end up with cash and other assets valued at well over \$80-million. He probably has sunk less than half this amount in the enterprise

The picture also seems bright for a prospective buyer. The property looks like quite a plum for someone, if it could be had on decent terms. You can't talk with certainty because one trouble has been that very little is on the record about Hughes Aircraft Co. The plant has grown and prospered in almost splendid isolation, not only from the gaze of the public and press, but from parent management.

However, a quick profile of the plant today goes about like this: It employs over 15,000 people, has an order backlog of about \$600-million, and sales running over \$200-million a year.

• Humming—Currently this is mostly military work, at least 50 highly classified projects for the armed services. But the plant has many commercial projects and adaptations of its advanced electronics research and development projects.

Most of the Hughes Aircraft plant at Culver City, Calif., is taken up with electronics work. There is an aeronautical division making small sub-assemblies and handling the giant Hughes helicopter project (BW-May31'52,p36). The Hughes flying boat (BW-Feb.16'52,p96) has been set apart by the company as a separate project and is divorced physically, being hangared in the Long Beach Estuary.

The Tucson (Ariz.) plant is a production plant for guided missiles.

### I. The Salvage Crew

Recently, delegates to the Radio-Television Manufacturers Assn. convention who were permitted to visit the Hughes Culver City plant raved about its progressive production techniques in the field of advanced electronics. The bravos indicated the plant has come a long way from its sad state in May, 1948.

At the time, the outlook at Hughes Aircraft was bleak. It was a small aircraft company started in the 1930s, mainly to build racing airplanes for Howard Hughes. In all its years, it had never put a model into production. At that time it was involved in the expensive flying boat project.

The company was still recling under the blow it suffered when the XF-11 photo-reconnaissance test plane crashed with Howard Hughes himself at the controls. Both Hughes personally and the company had been through the wringer of Congressional investigations, and the military had little faith in the

Plant space was of fair size—700,000 sq. ft. of floor space—but there was little equipment. There were 900 employees. The company had lost \$700,000 on \$1.9-million in sales in 1947.

• New Faces—It was no wonder the parent Hughes Tool Co. was in a mood to close it up. Instead, however, a management team from Hughes Tool and a management company surveyed the possibilities if the aircraft plant were kept open. For a while it was thought it could be turned into a research and development center, and Hughes Tool set up a management team to operate it.

team to operate it.

Ira C. Eaker, Hughes Tool Co. vicepresident, was named liaison representative between Hughes Tool and Hughes
Aircraft. Gen. Harold L. George, former head of the Air Transport Command, was named vice-president and
general manager of the Hughes Aircraft Co. The tool company sent out
on a loan basis Charles B. Thornton,
who before going with Hughes had
been director of planning at Ford
Motor Co.

Two top scientists also were assigned, Simon Ramo from Bell Telephone Laboratories, Inc., and D. E. Wooldridge from General Electric Co.

### II. Electronics: Second Start

Shortly after this team took over, they saw that there was almost a clear field in military electronics. Moreover, they decided that by leapfrogging into the field of advanced electronics they could put up a pretty good show. The wisdom of this decision is bearing fruit



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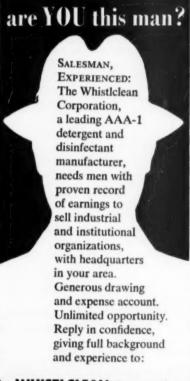
Vinco dependability as a subcontractor or prime contractor has been proven by its record of only .6% rejections over a fiveyear period. This dependability is the reason why new customers are constantly swelling the number being served. Aircraft parts and assemblies, radar parts, aircraft and commercial gears and gear pumps are representative of the component parts produced by Vinco. If a dependable source of supply is what you need, Vinco will fill your needs.

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today. Hughes claims it is making a big share of the Air Force radar guncontrol systems, half the Navy's, all those for Canada. The company is currently negotiating for the British.

At the time, Hughes Aircraft Co. was anathema in military circles. But the company was able to scratch contracts because the Air Force was desperate for anybody to work in the field of advanced electronics. However, the Air Force extracted a promise that Howard Hughes would have little to do with the aircraft company personally.

• Howard Hughes—The decision to

• Howard Hughes—The decision to turn to electronics was a tough one for Howard Hughes to make. He wanted an airframe company. But as it happened, he had just bought the RKO motion picture studios and he was turning his attention to moviemaking.

He reluctantly gave his approval, and O.K.'d the new capital it would take to put the company on its feet. The capital investment was to be on a sliding scale. The first bite would be \$800,000. Then if the company reached a satisfactory sales and profit position, it could take the next bite of capital investment.

• Hands Off—Once the Hughes Aircraft Co. was launched as a builder of advanced electronics, it was left quite alone by the parent company.

This isolation managementwise was duplicated newswise. Howard Hughes himself, it is said, felt the plant should be kept under wraps for security reasons.

• Early Spurt—In putting Hughes into

the advanced electronics business, George and Thornton had their work cut out for them. They knew they had to build electronics better than anyone else. Their plan was to turn out a better product, keep better schedules, bring production costs down.

By the end of 1943 the company got its first significant contract when the military, civil defense people, and the press all got excited about the country's lack of an all-weather interceptor. Hughes offered to make a fire-control system for Lockheed's F-94 in 11 months. With a control system, the guns fire by radar, so it's possible to use the plane in all kinds of weather. Other manufacturers estimated the job would take three to five years, says Hughes.

In those frantic days, says Thornton, Hughes management slept a few hours at a time. But their fire-control system made the grade—and on time.

• Recruiting—The company had jumped off into a relatively unexplored frontier. From the start the management decided to bring the best thinking and ability to bear on the products.

How Hughes filled its burgeoning factory with executives and engineers is a story that will always find the Hughes people at odds with the historians. Everybody in Los Angeles claims he has

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proving ground for men, motors
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automobile industry's brisk progress. Numerous new grandstands and buildings have been added as needed, to accommodate ever-greater Memorial Day crowds. Many of the expanded and improved facilities incorporate steel framework and structural shapes supplied by International Steel.

International's ability to fill the bill is best evidenced in repeat orders from the Indianapolis Speedway.

Probably your steel fabrication problems are a far cry from those of this famous arena of speed. But you'll gain a lot of laps toward an economical solution—however different or difficult the project—by outlining the details in a letter to International today.



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INTERNATIONAL STEEL is a prime source for: Structural Steel • Steel Building Products • Warehouse Steel • Standard Steel Buildings • Farm Buildings • Aviation Buildings • Revolving Door Entrances • Industrial Doors • Railroad Products • Stainless Steel Products • Lindsay Structures.

at least one friend who was offered a fabulous increase in salary if he would work at Hughes. Thornton says they picked up top-level brass from nearly every blue-chip company in the country.

But, says Thornton, "In most cases we merely 'liberated' these people. They were outstanding management people who had worked themselves into a spot where they couldn't move up any further until someone died or retired."

### III. Progressive Production

In every way the management at Hughes took a fresh and unfettered approach to problems. This was particularly true of production.

Production at Hughes fell somewhere between job shop and mass production. The production line had to have extreme flexibility. As finally conceived, the line had such flexibility that the engineers and plant design teams were able to work out an unusual overlapping of research and development and manufacturing that cuts time between design and production.

Weekly meetings are held to discuss designs in progress. When designs reach an appropriate stage they are turned over to manufacturing for preliminary production planning. Thus a new unit is well on the way to production by the time design work is completed.

• Erecto-Sembly Setup—In setting up the factory, Ray B. Parkhurst, plant manager, told his planners to forget everything they knew about electronic assembly methods—including work benches.

The result was something Hughes calls erecto-sembly work stations.

With this setup, the subassembly moves from station to station on a 5-ft.long metal framework that's set in a track a foot wide. At each station there are racks, bins, and cups of component parts. There's also a small jig on rollers in a track at right angles to the big framework, for holding a component at any angle during the operation.

Operations performed at a given station generally take about 15 minutes. Then the framework is pushed along the track to the next station.

• Illustration Innovations—Parkhurst's theory is that it is possible for unskilled labor to do complicated assemblies if simplified guiding methods are worked out. For example, most Hughes detail workers are women. "They don't follow blueprints," Parkhurst points out. "But they can follow production illustrations." These line drawings show the completed part, that is, the state of completion achieved by that worker. Each part is numbered on the drawing in order of assembly. These parts in



## New Mallory Products Speed Their Use

HANCES are that in recent months you've read and heard about transistors—those mighty miniatures of electronic magic that offer great hopes of startling changes and improvements in many things used in our homes, offices and factories.

And perhaps you've said to yourself "Sounds great but probably far in the future."

Actually, transistors are in commercial use right now—for example, in amazing new hearing aids no bigger than a pocket-sized cigarette lighter... and they operate with the help of two tiny new electronic components developed in Mallory laboratories... produced in Mallory plants.

A dime-sized Mallory Mercury Battery powers these hearing aids. And a precision-made Mallory Capacitor no bigger than the eraser on a lead pencil, filters the current to insure buzz-free tone.

Other commercial uses for the midget transistors are on the way—some just around the corner. A portable TV set...that wrist radio small boys dream about...less costly, more efficient electronic office and factory equipment.

When they do reach market, you'll find Mallory playing a vital role in the transistor field.

The specialized knowledge and facilities that enable Mallory to anticipate and fill the needs of those using transistors, are available to manufacturers in electronics, electrochemistry and metallurgy. Call or write Mallory today.





# a great hand to help you cut costs!

Fish don't wait! You fish while the fishing's good — make the best of wind and weather — or count the time and profit lost! That's why more and more marine users look to P&H Diesel Engines for complete dependability. Built of lightweight, corrosion-resistant alloys, P&H 2-cycle diesels provide a high ratio of horsepower per pound, faithful year 'round performance with less fuel consumption and lower maintenance cost. Here's more modern design in every respect — another example of P&H research and development.

Why should you walt in your business? If high costs are dissipating profits, start now, to enjoy the savings P&H Diesels can bring you. With lightweight, interchangeable parts, a man can lift out and replace an entire cylinder assembly — anywhere — any time — alone! Service is a matter of minutes — not hours or days. Hundreds of users have learned this to their own reward. Let P&H give you a hand!

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tough enough to resist shattering . . .
moldable with sections and cores to keep
contents from shifting . . .
with chip-proof surface permanence . . .
eye-appealing colors . . .

it was a hard-to-beat combination of specifications that acetate met and delivered.

Acetate provides strength in thin cross sections . . . one-piece, weight-saving construction . . . molding ease and efficiency . . . and real

economy. It is the *right* plastic when cases and housings must be tough.

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\*Reg. U. S. Pat. Off.

### ". . . 'we can break in the housewife for radar work in 90 days' . . . "

HUGHES starts on p. 85

the racks, cups, and bins are arranged in the same order.

A big advantage of this illustration system is that it is amazingly easy to make engineering changes. The design change is incorporated in a production drawing, and this is substituted for the one at the work stations. The bins, racks, or cups are quickly reshuffled.

For wiring terminal boards, the Parkhurst illustration method is even trickier. Wires must not only connect the proper terminal but they must be arranged in a set pattern between terminals. At present Hughes uses a series of lucite plates, perforated to fit over the terminals as a guide. Each plate has one segment of the wiring illustrated in the clear plastic. The girl puts it over the terminal board, sees how and what wires are to be added, puts them on. When she is finished she rechecks with the lucite plate. Then she takes the next lucite panel, and so on.

With these methods," says Thornton, "we can break in the average housewife for complex radar work in 90 days."

### IV. Silent and Systematic

The tranquility at the Hughes plant is unusual, even for light manufacturing. If you spend three hours or two days with top management at Hughes you will never be interrupted by messengers, paging calls, or telephones. If you stand on a balcony at the Hughes plant you won't see any production control people, assistant foremen, or leadmen running around.

Stock chasers are conspicuously absent, as a result of Hughes' materials plan. Ten days' supply of parts is kept on hand at each work station. Parts for all stations are also stocked in a work area. Finally, all parts are further stocked in balcony storerooms.

· Easier Bookkeeping-Paper work on the myriad of parts that go into electronics assemblies could be costly and bothersome. Hughes Aircraft has saved money and manpower by classifying everything under \$2 as line stock, and ordering it semiannually in bulk on a minimum-maximum basis.

Parkhurst looks at it this way: 88% of Hughes' expenditure for materials goes into about 15% of the parts. In other words, 85% of the parts makes up roughly 12% of the materials cost. So it makes sense to eliminate paper work on these items and concentrate on the 15% that represents the greatest expenditure.

## Here's what M

## is doing for automobile engines!

A leading automobile manufacturer wanted a timing gear that was slow-wearing, silent in operation, low in cost. Now, more than six million MICARTA timing gears are performing efficiently in engines,

### What can Micarta do for you?

Your problem may be as simple as noise control, or electrical insulation. Perhaps you need a material that is both light and strong, that resists corrosion, withstands vibration, heat, cold or compression. Whatever your problem, your industry, or your application, investigate the qualities of versatile MICARTA.

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Sir: (Please check one)  Please have your representative call  Please send me the complete facts on MICARTA
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J-06511

BUSINESS WEEK . May 23, 1953



RAYMOND F. GIFFELS, secretary-treasurer



VICTOR E. VALLET, president

## Wrapping the Factory around the

(Story continues



They start by dummying up the . . .



... layout of machinery and ...



LOUIS ROSSETTI, architectural associate

## **Process Layout**

on page 96)



. . . wind up designing a plant around the machinery.

BUSINESS WEEK . May 23, 1953



## ...and that makes possible digging in closer quarters!

With Hystaway you can dig in close quarters, right up against walls or fixed obstructions—in places where digging is impossible with other revolving shovels which must have "elbow room." In addition, with Hystaway you excavate and bulldoze with one machine! Mounts on Caterpillar track-type tractors. The Hystaway is the only excavator-crane that offers all these advantages, which add up to more profit all around. Call your Caterpillar-Hyster Dealer or write for catalog 1235.





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These and thousands of other fasteners and allied devices are designed and manufactured in volume by United-Carr for leading manufacturers of appliances . . . automobiles, aircraft, electronic apparatus, furniture. If there is any way that special-purpose fasteners can help speed assembly, cut costs, or improve product performance in your business, you'll find it pays to consult United-Carr—FIRST IN FASTENERS.

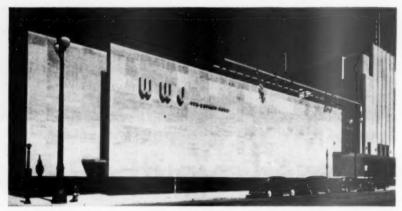
Consult your nearest United-Carr field engineer before your new designs are frozen for production. It is during this all-important planning phase that you can make best use of our services.

## UNITED - CARR United-Carr Fastener Carp., Cambridge 42, Mass.

MAKERS OF DOT FASTENERS



LIEUTENANTS at GVR include Oscar H. Pocock, executive v-p and chief engineer; Roy I. Jones, director of industrial development; Edward X. Tuttle, vice-president.



ARCHITECTS welcome a chance to do something off the beaten industrial-plant path, such as this TV-studio addition to Station WWJ building in Detroit and this . . .

## Detroit Firm Wraps Plant

Detroit was the breeding ground for a new kind of company that combines the functions of architect and engineer. It plans and supervises industrial construction jobs through every step from site layout to production processes. It doesn't do the actual building.

Of the four big integrated architectengineering firms in Detroit, the biggest is Giffels & Vallet, Inc., L. Rossetti (cover). The name reflects the partnership of an engineering corporation and an individual architect. By law, an architect cannot incorporate.

• Why Detroit?—There was a time when a company would have a mill built, then fit the machinery in as best it could. Today, designers like GVR develop the process layout first, then design the plant around it.

Obviously, this kind of planning calls for more than mere knowledge of architecture and construction methods. It combines the functions of the architect, the production engineer, and the construction engineer.

Need for large-scale plant designing in a short span of time first came up in Detroit during the 1920s, when the auto industry was building like mad. In this hurry-up building boom, Albert Kahn offered an integrated architectengineer service. Two of his structural engineers, working at adjacent drafting boards, were Raymond F. Giffels and Victor E. Vallet

Victor E. Vallet.
In 1925 Giffels and Vallet left Kahn to form their own company. And they carried the Kahn type of service one step further: into the development of the production processes themselves.

This, too, resulted from a special characteristic of Detroit industry. Oscar H. Pocock, executive vice-president and chief engineer of GVR, says: "The auto industry developed the first continuous-flow production, so the companies that do process layout work naturally grew up here, too."

• Men of Distinction—Now there are similar firms in other cities, but Detroit still has the greatest number, GVR peo-

GVR is different from, say, the big New York architect firms that employ engineering consultants in various fields; GVR is composed of engineers as well as architects, and it has its own full-



TOWER, 300 ft. high, for International Telephone & Telegraph, Nutley, N. J.

## around Process

(Story starts on page 94)

time staff of specialists. GVR is also different from companies that offer design, engineering, and construction; GVR does no construction, has no ties with any contractors, buys no materials.

• Big Business—The firm has known hard times. During the depression, it shrank from 200 men to just the principals, who sat in the office designing dream plants and debating new methods.

Nowadays the company talks about dollar volume in figures usually reserved for astronomers and the federal government. During the current year, for example, GVR is designing and supervising about \$410-million worth of construction. Work for the Atomic Energy Commission alone amounts to \$180-million.

GVR has been working for AEC since 1946, designing the basic production units and most of the auxiliary services. Value of GVR-designed atomic plants so far totals around \$1.5-billion; value of installed machinery and the auxiliary facilities designed by other firms would double this figure. Current contracts cover the Portsmouth (Ohio)



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The DF Loader is a permanent part of the box car that secures loads against shifting ... supports them where necessary ... separates them into independently anchored sections. Because it lets shippers load cars to capacity without special bracing and dunnage, this one-man loader increases average loads by 33%, and some difficult loads by as much as 200%. By giving shippers a degree of protection unmatched with any other type of transportation, the Evans DF Loader brings back business to the railroads. To learn how your organization can put this modern equipment to the most profitable use, consult Evans Products Company, Railroad Loading & Equipment Division, Dept. B-5, Plymouth, Michigan.

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Seat yourself and your employees in Art Metal Aluminum Posture Chairs. Feel the unequalled seating comfort working or relaxing. Comfort that eliminates costly production sags, that produces more for you in less time with less errors. And remember that Art Metal Chairs besides paying for themselves quickly, yield annual savings in the form of trouble-free maintenance.

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Art Metal Chairs are handsomely styled, durably made of welded tubular construction, Foam Latex upholstery. And they're all backed by more than 60 years' experience in manufacturing the very best in metal office equipment.

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Discover how vital correct seating is to office efficiency. Write today for free pamphlet "Correct Sitting Posture" and/or the complete Art Metal chair catalog. Or call your nearest Art Metal Dealer. Art Metal Construction Company, Jamestown, N.Y.



"Tilt-Action" Seat - Maintains same body angle at all times. Feet remain on floor, pressure behind knees is eliminated. Saddle seat of posture models is most comfortable and helps retain natural body contours.

"Live-Action" Back - Automatically provides full support in any position. Back construction pivots in special mountings, follows inclination of spine.



gaseous diffusion plant and major expansions at Oak Ridge, Tenn., and Paducah, Ky. A staff of 335 designers in Detroit is turning out the required 11.000 drawings-two acres of top-

secret plans.
Of GVR's 1,100 employees, half are on atomic energy work, including more than 200 in the field.

• Diversified Clientele-GVR nursed on Ford Motor Co. work. Giffels and Vallet struck out on their own hook because they were assured of Ford work, which they had been handling for Kahn. Louis Rossetti came to the company from Ford's design staff. By 1929 GVR had 200 employees, and 80% of their time was spent on "dirty work"-process work-for Ford Motor.

With nightmarish memories of the depression days when the auto industry cut off its expansion plans, GVR officers now try to diversify their clientele. Since 1940 Ford's proportion of GVR's total volume has shrunk to 20% or 25%, due to the building up of other categories. AEC runs about 45% of the total, but that's regarded as a precious asset, not a liability.

Other current work includes construction valued at \$35-million for steel mills and foundries, \$16-million for rubber and plastics, \$58-million in aluminum and magnesium, \$10-million in chemicals, \$20-million in auto assembly, \$27-million in miscellaneous manufacturing, \$8-million for public schools, \$12-million in hospitals and medical facilities, \$10-million for labonatories, \$20-million for public works, \$5-million for offices.

Vic Vallet often refers to a rule of thumb that 10% of the firm's volume should be in schools, hospitals, churches, and the like.

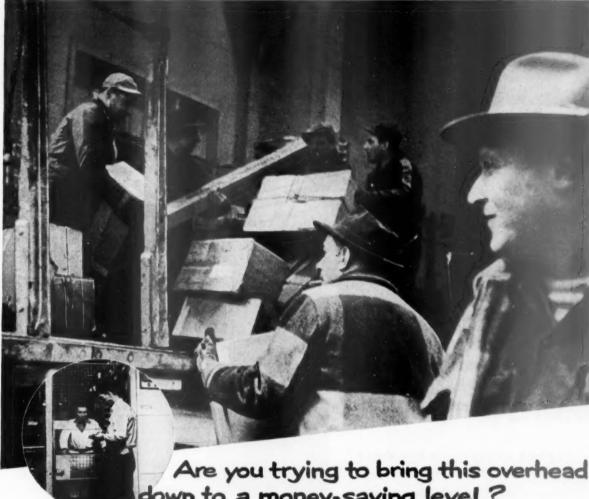
· Look Ahead-Not that GVR people are worried about the future, really. They can see nothing ahead but more and more demand for their services. Their optimism is based on these as-

· Atomic energy will go industrial. GVR has had the greatest experience in both pile reactor and gaseous diffusion plants. It hopes to make use of this knowhow as power projects develop.

· New processes are turning up all the time, and GVR specializes in developing production layouts. It has just established a new chemical process di-

· Laboratory research is still accelerating. It has a lead-time of five to seven years ahead of production, and the industrial economy still has many new products, much new construction to look forward to (BW-Apr.4'53, p112).

• The squeeze between what the customer will pay and what the manufacturer has to pay for materials and labor puts a premium on efficiency of



down to a money-saving level?

Yesterday's "stock-piling" is a costly overhead operating item these days. What today's "conveyor-belt" manufacturing techniques need is a combination of transportation systems, air and surface, that can be depended upon to maintain a constant "flow-of-material" so inventories can be kept to an economical but practical minimum.

To fill this long-standing need in American transportation, Emery Air Freight provides an entirely new system of "door-to-door" shipping based upon:

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IMMEDIATE CONFIRMATION of delivery - or of unavoidable delay so plans can be adjusted efficiently.

Here is a completely new approach to the job of getting material from one place to another in the fastest possible way. And these are the reasons why Emery Air Freight enables you to move gradually from old-fashioned "stock-piling" methods to today's "flow-of-material" era.

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production. The business of modernizing existing plants for greater efficiency has only been scratched.

 Modern industry requires not just a mill building but also a mass of research labs, administration offices, personnel and recreation facilities, health clinics, cafeterias, etc. There's still a lot to be done in designing modern institutional-type plants.

Population growth of the country will require more schools, hospitals, power generating facilities, and public works (BW-Dec.13'52,p122).

• Keeping Busy—By combining architect and engineer staffs, GVR thinks it has leveled out the ups and downs that either group alone may have.

"We keep our work force fairly constant," says Ray Giffels. "Offering more services gives us a chance to even up the work load. We haven't had a single

layoff since 1934."

GVR hangs onto its bright young architects and engineers partly because its future looks secure, partly because of a bonus and profit-sharing plan that includes a seniority factor. From squad leader up, the labor force averages more than 10 years with the company. Every employee of three years or more is guaranteed a share of profits; some qualify earlier through merit alone. Employees are paid by the hour; their work week averages approximately 50 hours now.

• Coast to Coast—Whereas GVR once did almost all its work in the Detroit area, it now reaches from coast to coast. Edward X. Tuttle, vice-president for new business and procurement, lists 75 projects now on the drawing boards or in construction. These projects are in 17 states and a few foreign countries.

One of the biggest projects was completed this month when the Ford plant at Oakville, Ont.—the largest industrial building in Canada—began turning out automobiles (BW—May16'53,p90).

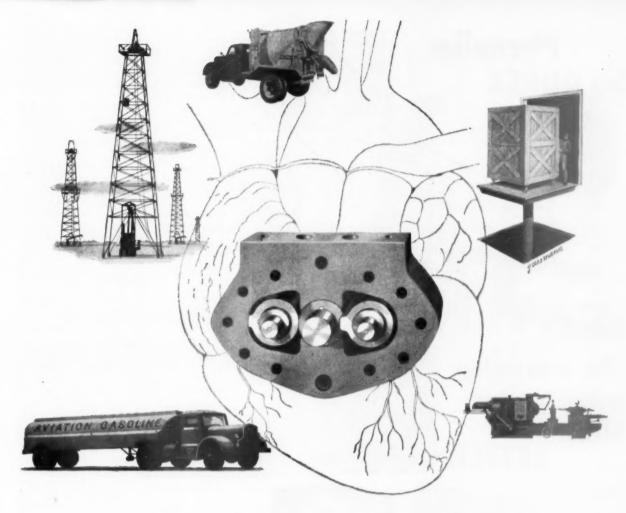
• Acres to Doorknobs—GVR gets a lot of huge projects, but it also handles small jobs, too. The range goes from a single AEC building as big as 24 football fields to the alteration of a doorknob on a church.

GVR doesn't usually dip so low as a doorknob design or a \$10,000 construction job except for an old customer, but it does take many \$50,000

and \$100,000 projects.

The company is proud of its list of industrial clients, especially the 30-odd concerns that have engaged GVR on more than 10 occasions. It laid out the General Electric Co. Electronics Park at Syracuse, a campus-type plant, and designed all the buildings. It has carried out more than 2,000 projects for Ford, including work in every unit of the River Rouge plant.

 Adaptable—Despite its size, GVR is flexible enough to fit in with a variety



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You won't hear its beat or feel its pulse, for this new principle of hydraulics is quiet and pulsationless.

As revolutionary as its name-Rotodraulic-the new Berry principle

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When you are thinking of materials for use in new or improved products . . . or processes . . . at the least cost consistent with required performance, remember the way of electricity with Durez phenolic plastics. They get along fine together, but they never mix.

Hence their extensive use in communications equipment. Electrical current goes about its business while these non-conductive plastics go about their business of resisting impact and other mechanical stresses, water, heat, abrasion, and many chemicals.

Phenolics can serve you profitably in the form of resins applied to a product or an integral part of it, and as base materials molded into lustrous-surfaced parts. Molded units range in size up to the capacity of the largest presses yet made. Many molding compounds are offered with combinations of properties unavailable in any plastic materials until they were developed by Durez.

Your engineers and molding men can obtain competent help in advancing your product plans from Durez— America's largest producer of phenolics exclusively. Our 32 years of specialized experience is yours for the asking.



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of customer needs. For those clients that don't have engineering departments of their own, it functions almost as closely as departments of those companies. In other cases, it works hand-inhand with the client's own engineering department.

"Some clients come to us with just a gleam in their eyes—others come with a plant all laid out," says Giffels. "We work with them all, any way they like."

work with them all, any way they like."

• Step by Step—The typical customer comes to GVR with an idea of what he wants and what he can spend. GVR assigns a project director, one of about 24 engineers and architects. This director shepherds the project through every stage.

GVR people do a lot of kidding about engineers vs. architects, but in actual performance the two groups are intermingled beyond any possibility of professional rivalry.

• Hierarchy—For that matter, the duties of the officers cross lines in all directions.

"We can draw up a flow chart for a client but we can't for ourselves," one officer admits.

By titles, the officers line up like this: Vallet, president; Giffels, secretary-treasurer; Pocock, executive v-p and chief engineer; Tuttle, Lowell F. Beal, Arthur Hyde, Kenneth K. Stowell, vice-presidents; Roy I. Jones, director of the industrial division; Louis Rossetti, architectural associate.

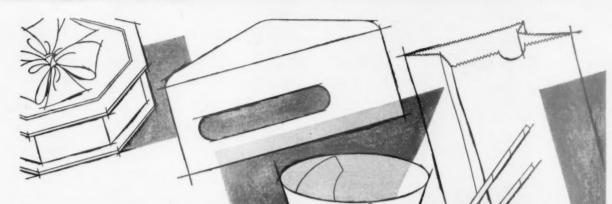
Stowell heads the eastern division in the New York office. The staff in Detroit occupies space on four floors of the Marquette Building and three of the National Bank Building. GVR has other offices in Chicago, Houston, and Windsor, Ont.

### COMPANY BRIEFS

Macklanburg-Duncan, Oklahoma City aluminum fabricator, has installed the first big extrusion press in the Southwest. One 1,250-ton press is already in operation; another will be installed in about eight months. The two presses can process 14-million lb. of aluminum a year.

The St. Louis plant of the Ritepoint Co., manufacturer of mechanical pencils and pens, has been bought by the federal government for \$385,000 for use as an armory. Ritepoint will move to a new plant on U.S. 66, in St. Louis County.

General Shoe Corp. will build a 50,000 sq. ft. chemical plant in Nashville to produce shoe finishes, specialized adhesives, and other products, both for the company's own use and for general sale.



# \$3,000,00,00 a year is spent for PAPER CONVERTING

Setup and folding boxes — for products as different as candy and fresh tomatoes . . . bags, envelopes, soda straws, drinking cups, mailing tubes, shipping tags . . . these are only a few of the many every-day necessities supplied by the gigantic Paper Converting Industry. In their making, many miraculous types of machines are used — and many types of adhesives.

This is but one of a hundred industries in which Arabol is privileged to serve the leaders. Out of 68 years of pioneering, ten thousand adhesives formulas have been developed in our five laboratories. Arabol Adhesives are now supplied for more than a thousand end uses.

Somewhere in your business, adhesives are required in the making of your product, in its labeling, packaging and/or shipping cases.

Somewhere near your business there is an Arabol plant or warehouse ready to serve you.



F. L. Smithe Plunger Machine (Champion Model) - made by F. L. Smithe Machinery Co.

We invite the opportunity to submit adhesives samples for you to test in your own plant

under your particular working conditions — for your specific requirements,
whatever their nature. That is the one kind of testing that assures you of
satisfactory results. Your inquiry to Department 77 will bring a prompt response



adhesives? ARABOL!

**68 Years of Pioneering** 



THE ARABOL MANUFACTURING CO.... a nationwide organization serving major users of industrial adhesives

EXECUTIVE OFFICEs: 110 E. 42md ST., NEW YORK 17, N. Y. - CHICAGO - SAN FRANCISCO - LOS ANGELES - ST. LOUIS - ATLANTA - PHILADELPHIA - BOSTON - PORTLAND, ORE. - ITASCA, TEX. - LOHDON, ENG.



In the development of jet aircraft engines, American Welding products have played a vital part. Today every major U. S. jet engine manufacturer is a user of American Welding rings, bands, or components.

We do not know what jets, guided missiles or rockets you are working on, but we feel sure that our 34 years of welding experience can be helpful in getting your designs "off the blueprint—into the blue".

In addition, we can provide designing, engineering, metallurgical and machining facilities. If your requirements involve either fusion or resistance welding of ferrous or nonferrous metals, we will be glad to have our Product Development Department look into your problem.

THE AMERICAN WELDING & MANUFACTURING CO.

## Revere Camera in Stereo Field

In 41 years, board chairman Sam Briskin has shifted product according to his hunches about public demand. Now Revere is growing faster than ever.

Fifteen years ago, a manufacturer of auto radiators and heaters held a big bar mitzvah party for his 13-year-old son. He wanted to record the event on film, so he bought a 16 mm. movie camera—wincing at what it cost—and assigned someone to operate it. The resulting movie was so fascinating that he ran it three and four times a week for himself and relatives.

The thought struck the father that millions of other parents would take advantage of a chance to make their own movies of their families if there was a reliable camera within their means.

That father is Sam Briskin, board chairman of the Revere Camera Co. of Chicago, which claims to sell more home movie cameras and projectors than any other company. The son is Jack Briskin, now president of the company.

company.

• Closely Held—Revere Camera is well known in the advertising pages of national magazines. Besides leading in home movie equipment, Revere sells 60% of the tape recorders, by its own estimate. And this year it brought out a stereo still camera, its first still camera and the first entry in the stereo field by a big camera company. But you won't find Revere in directories of stock companies, for it is privately owned by the Briskins.

• Fast Growth—Revere is topping off a year of growth that's fast even by its own standards. In that year, Revere:

 Nearly doubled its plant space by purchase (\$625,000 cash) of an eightstory building a block from the main offices on Prairie Avenue, Chicago. Plant space now adds up to 455,000 sq. ft.

 Nearly doubled its labor force, with 1,600 now on the payroll.

Nearly doubled its product line by adding 12 major products—six movie cameras, the stereo camera, a stereo viewer, and four new tape recorders.
 When Opportunity Knocked—The history of Revere Camera is the story of Sam Briskin's alertness to opportunity. Briskin started out in 1912 as founder of the Excel Auto Radiator Co. at the age of 22 (Excel was bought by Revere two years ago and still operates on one floor of Revere's main building).

Through the 20s, the auto radiator replacement business was better every year. Rough roads and rudimentary springing of cars in those days gave a

radiator a short life; so did the radiator's vulnerability to damage in collisions—the radiator was inches behind the front bumper. By 1929 Excel was the country's largest maker of replacement radiators.

Then Briskin looked ahead. He saw a dwindling demand for radiators, an increasing demand for comfort in cars. He swung production over to hot water heaters, which were then a novelty. By late spring of 1929, he had tens of thousands of heaters piled up to the warehouse roof. This stock lay idle till November, when the first cold snap—and a big promotion campaign—started them moving. The warehouse was cleaned out in a few weeks.

When the heater business played out 10 years later, Briskin put the motors in a line of home workshop tools.

• Home Movies—Briskin founded Revere Camera Co. in 1939. A year later, the company's unit volume in home movie equipment topped the in-

E. J. McGookin, general manager, explains this as proof of Briskin's theory that there was a tremendous pent-up demand for a moderately priced precision camera. McGookin stresses the quality angle.

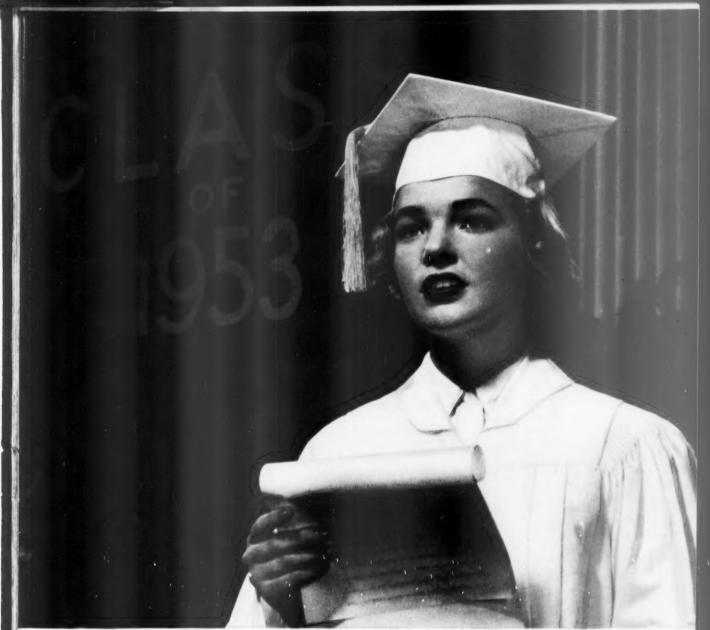
"There were good cameras in those days," he says, "but they cost more than the average man could pay. And the cameras he could afford were inferior. Well, it costs as much for film and processing for an inferior result as it does for a high-quality result, so the public was waiting."

Revere's first movie cameras were priced on the basis of mass production. That was a gamble, but it made possible a price about half as much as comparable cameras of that time.

• Experimenting—Briskin encourages his people to experiment. At one time his shops worked seriously on putting sound on film for home cameras, but the idea was shelved—a man couldn't shoot a movie and record the sound simultaneously, it was found.

The findings of this experiment, however, led Revere into the tape recorder field.

Now Revere is working on threedimensional home movies. Briskin feels that development of 8 mm. and 16 mm. home movies has reached its peak, that 3-D could be the next big thing. But so far he doesn't consider 3-D practical for amateur use—he guesses at two or three more years of development.



Photograph by Viles

## Congratulations!

To you and the other young people graduating from high school this June — congratulations! You have passed an important milestone. And there are other milestones of achievement ahead—especially for those of you who decide to continue your education in *chemistry* 

For things are happening fast in the chemical field. New products, new materials, even new industries like plastics and man-made textiles are being created. And with each new development or discovery come new opportunities for young men and women trained in chemistry, engineering, medicine, biology, pharmacology, and other branches of science. Never before have young people been offered such a variety of careers to fulfill their ambitions and make such satisfying use of their knowledge and training.

American Cyanamid Company is one of the leaders in the chemical industry which is helping to provide a future for so many members of our younger generation.



AMERICAN Cyanamid COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

## Is your office as pleasant as your home?

IF YOU ARE an average business-man, you probably spend as much or more of your working hours in your office as in your home. Many such men live in beautiful homes, drive fine cars, and yet earn their living in dingy, drab offices.

For less than the price of a good automobile, you can have a beautifully furnished and decorated office that will be a pleasure to work in and a source of pride to you for years

Such an office not only creates attractive working surroundings, but it favorably impresses clients and customers. They often judge a business solely on the impression they get from its offices.

This is customer prestige, an intan-

gible, but an important factor in the success of any business.

Goodform aluminum chairs, individually adjusted, Super-Filer, the mechanized file, and Mode-Maker desks frequently pay for themselves in added customer and public prestige alone. Beyond that they pay further dividends to the user in better morale and greater efficiency resulting from pleasant working surroundings, and the use of good office tools.

You can hardly hope to do today's job with yesterday's tools if you expect to be in business tomorrow.

Call your local GF distributor or write The General Fireproofing Company, Dept. B-17, Youngstown 1, Ohio, and find out how GF metal business furniture will prove to be a good investment for you.

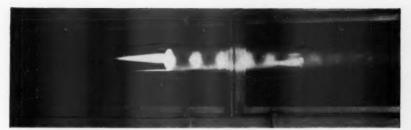
GOOD metal business furniture is a GOOD investment



@GF Co. 1953

FIREPROOFING

Foremost in Metal Business Furniture



BETTER JETS for the military, cheaper acetylene for industry: Experiment, Inc., is . . .

## In Business for Research

In 1945, a 27-year-old research scientist named James W. Mullen, II, finished up a stint of work on a Navy jet project. He went back to his home town of Richmond, Va., eager to continue experimenting on his own hook. He had a head full of ideas on ramjets and guided missiles, and he had a fairly firm promise of a military research contract. All he needed was a headquarters and a place to work.

He went to a boat repair shop in the west end of Richmond, where he had tinkered with outboard motors as a boy, and set up a shop in a corner of the building. A little later he got a charter from the Virginia State Corporation Commission. He was in business as

Experiment, Inc.

• Acorn—The outfit grew fast. Mullen persuaded some scientist friends to join him in his work. The military came through as expected—with a \$30,000 Navy contract for continuing jet studies. With the contract as a lever for bank credit, and with \$25,000 that Mullen's father (a Richmond attorney) gave him, Experiment started building a plant of its own. More scientists and technicians joined the group. More research projects—both military and civilian—got under way.

Today, Experiment consists of a set of modernistic buildings valued at \$160,000, in a densely wooded site by the James River. Another \$160,000 worth of military-owned equipment will eventually be turned over to the

company.

The purpose for which it was tounded is still its main purpose today: research. But this year it added a new side to its operations. It bought the plant and equipment of six-year-old Flight Research Engineering Corp., (also of Richmond), changed its name to Flight Research, Inc., and set it up as a manufacturing arm. Flight Research will make a special type of motion picture camera and an airplane propeller speed governor.

• Philosophy—Though Mullen was interested primarily in research when he set up Experiment, there were two other ideas on his mind. He wanted his company to help answer two needs that, as he saw the matter, had been crying loudly for attention but getting little or no response:

• The South's need for technical advancement. Though the area was rich in raw materials, it failed to get all it could out of them because it lacked the means to develop them completely. Manufacturers in other areas were doing the developing—and making the money.

• The inventor's need for better rewards. As Mullen saw it, the research scientist or engineer should be better paid for his contributions to industry than he usually was. He needed more salary and more recognition.

• Answer–Mullen figured he could help fill the first need merely by setting up Experiment in the South–which he did. The second he took care of by establishing high salaries and a gencrous profit-sharing plan for his company's researchers. A full 50% of Experiment's profits–after allowing for fixed obligations—is split among the employees.

The result, Mullen believes, is that his employees' morale and confidence in the company are unusually high. As proof, he tells of the time when Experiment bought Flight Research. Mullen and his fellow executives thought it would be a good idea to offer some Flight Research stock to the Experiment workers. They decided to set aside 20% of the stock for that purpose.

"There was some doubt," Mullen says, "as to whether we were offering too much. The officers felt they had better be prepared to pick up the stock not taken by our employees. But it was oversubscribed within an hour of the offer."

• Accomplishments—Exactly what has come out of Experiment's shops? First, a goodly amount of work on jets. The company has developed, for instance, two types of propulsion system for guided missiles.

It has also pioneered several ordnance developments. Among these are some special guns—now under security



ADDRESS.

CITY, STATE-



wraps-that Mullen says will revolutionize their field.

The development that Experiment considers its greatest is a new method of chemical synthesis that uses high-velocity, high-intensity burners similar to those used in ramjet engines. If the company wanted to go whole hog into this field, Mullen says, the project could take over the entire plant and staff.

One result of the discovery is a new, fast, cheap way to make acetylene. Conventional processes make it out of coal and limestone; Experiment's process makes it from natural gas. Mullen sees a big future for the process: Acetylene is used not only for cutting and welding; it's also used today, in the manufacture of various plastics and synthetic fibers. One estimate says that annual consumption by 1975 will be 1-billion lb.

• Other Finds—Some of Experiment's other civilian developments, while less spectacular than the acetylene process, are no less original. Here are a few of them:

 A high-speed camera that is made, in part, from a pressure cooker and an ordinary camera lens,

 A cheap detergent to use in cleaning sea shells—for a Florida novelty company.

• A heart pump (actually, a mechanical heart) for medical uses where it's necessary to make the bloodstream bypass the human heart. Experiment's heart pump has been called the best to date.

• Unadulterated essence of oats and corn cobs, which smells like skunk in pure form but like coffee when diluted with 10-million parts of neutral liquid. It's used to make stale coffee smell fresh, can also be mixed with paint for restaurant doors—to entice patrons inside.

Among its other accomplishments, Experiment can number at least one outstanding flop. This was a "poor man's boat" built of plastic, bonded wood, and waterproof glue, and designed for an outboard motor. Experiment got another company to help with the project, and they put the boat on the market for \$80. Only 30 were sold. "There must not be any poor men around," says Mullen.

• Plans—Right now, only about 20%

 Plans—Right now, only about 20% of Experiment's \$1-million-a-year gross business comes from its civilian developments. The rest is all from military projects.

Within the past year or two, the company has made a concentrated effort to build up its civilian side. The acetylene process has been the biggest aid in this direction so far. Eventually, says Mullen, Experiment would like to divide its military and civilian operations "about 50-50."

Your Paint Cost

When thinking of the little bill don't forget

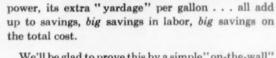
The BIG Bill!

Your Labo

This shouldn't happen . . . but it does. When planning a maintenance painting job, more time, more thought, more words are spent on the cost of the paint . . . which is wrong. On the average, paint represents only 20% of the total cost of the job. Labor represents 80%. And always, the quality of the paint you buy has a direct bearing on what you save or lose on labor.

Use Barreled Sunlight and you'll save more on labor. True, Barreled Sunlight's proved ability to

take more thinner offsets the few extra pennies you might have to pay for the paint itself. But of even greater importance, Barreled Sunlight's ease of application . . . its faster flow, its greater coverage per stroke, its better hiding



We'll be glad to prove this by a simple" on-the-wall" test. Write and our representative nearest you will gladly explain in detail.

BARRELED SUNLIGHT PAINT COMPANY 1-E Dudley St., Providence, R. I.

**Barreled Sunlight** 

there's a Barreled Sunlight Paint for every job

ALWAYS COSTS MORE NOT TO PAINT!

For over half a century those who know the best in paints ... for all types of buildings ... have strongly insisted on famous Barreled Sunlight

# MANAGEMENT

## These Are Some Top Executives ...

who took a CUT in compensation last year...



Ralph J. Cordiner, president General Electric Co. 1951 1952 8264,750 \$202,524



Crawford Graenawalt, presiden E. I. du Pont de Nemours 1951 1952 \$519,600 \$503,290



Liegan A. Warran, presiden Safeway Stores, Inc. 1951 1952 \$182,636 \$143,080



John E. Blorwleth, chr.-pres. National Distillers Products Corp. 1951 1952 8302,800 \$185,642



Frank H. Reichel, president American Viscose Corp. 1951 1952 8206,097 \$125,000



Harold Blancke, president Colonese Corp. 1951 1982 \$190,050 \$131,753



Michalus M. Schanck, president Leew's, Inc. 1951 1952 \$277,764 \$228,996

... And these are some who got a BOOST



Gwilym A. Price, president Westinghouse Electric Corp. 1951 1952 \$147,590 \$203,250



Harlow H. Curtice, president General Motors Corp. 1951 1952 \$471,200 \$521,200



William Balderston, president)
Philico Corp.
1951 1952
\$158,000 \$187,827

# Management Pay: Trend Levels Out

Although top management is far from being on its uppers, the trend in executive pay last year was no longer upward. Total compensation plainly was leveling off.

That's the conclusion you can draw from BUSINESS WEEK'S third annual survey of pay figures for the chief officers of about 50 leading companies in 28 industries (tables).

• Ups and Downs-Here's what happened in 1952: • General Motors Corp. was still at the top, followed by du Pont. These two companies were the only ones to pay their presidents more than \$500,000. Next in line were Bethlehem Steel Corp., Distillers Corp. Seagrams, Ltd., and Gulf Oil Corp. Most others trailed far behind—under \$300,000.

• Of the 54 companies for which there were comparable figures between 1951 and 1952, in 23 the highest-paid officers got a raise. · Pay cuts hit 22 chief executives.

 Nine companies did not change their top man's compensation.

• Those figures show that from the standpoint of executive pay, 1952 was a poorer year than 1951, when 30 top men got pay increases, 20 got pay cuts, and 7 staved the same.

• Going Easy—The leveling off of top salaries also shows up when you match the pay cuts against the boosts.

Only a few of the pay increases

Homocord Conveyor Belt-More use per dollar

Homocord Cr

Homocord Cr

re use per dollar

re dollar

Homocor

Homocor

e per dollar

e use per dollar

why you get more ton-miles of service out of Homocord Conveyor Belt. This resilience withstands the abrasion and gouging of jagged rock, coal and ore. Its flexibility makes it a naturally deep troughing belt that trains easily on the idlers . . . able to haul heaping loads without edge-wear or spilling. Another R/M Conveyor Belt, Ray-Man "F", is designed for underground mining where pulleys are small and great flexibility and tear resistance are needed. Both of these R/M belts give you long life on the job, MORE USE PER DOLLAR. Ask the R/M distributor for Bulletins 6906 and 6915. R/M field engineers back him up, to give you MORE USE PER DOLLAR—not only in conveyor belts, but in hose, transmission, and



MANHATTAN RUBBER DIVISION - PASSAIC, NEW JERSEY

### RAYBESTOS-MANHATTAN, INC.







V-belts.









at Belts V

ts Conveyor B

Hose

Roll Covering

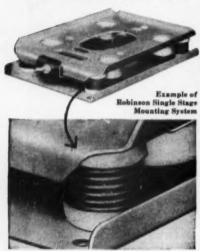
Took Lining

ALL CANCELL

Other R/M products include: Industrial Rubber • Fan Belts • Radiator Hose • Brake Linings • Brake Blacks • Clutch Facings
Asbestos Textiles • Teflon Products • Packings • Sintered Metal Parts • Bawling Balls

#### ROBINSON

Vibration and
Shock Control Mounts
set new records
of DURABILITY...



Met-L-Flex cushion enclosed in cover spring

Robinson Engineered Mounting Systems and Unit Mounts are the most durable over built. They employ an all-steel, load-carrying cushion, Met-L-Flex\*, which is fabricated in such a way that all wires are continuous from top to bottom. These cushions are inherently and permanently damped. They do not require external damping devices.

Met-L-Flex cushions properly installed in Robinson Systems do not and cannot set or pack. They are correct in theory, durable in practice.

#### Long Service Record

AMERICAN AIRLINES, INC., has used Robinson Mounts and Mounting Systems for three years in its Flogship Fleet, and reports that not one replacement has been required during this period. This represents a service life nine times as great as mounts previously used.

Robinson Mounts are designed and built for the operating life of the aircraft and the equipment on which they are used. Their long life and durability result in important savings of time and money for replacements.

#### **Proven in Experience**

Specified and used by hundreds of leading electronics, aircraft and industrial manufacturers, Robinson Mounting Systems offer a proven solution to today's problems of vibration and shock.

For more facts and information write for the new Visualizer Bulletin No. 750BW.

 Met-L-Flex is the copyrighted designation for the all-metal resilient cushions developed and pioneered by Robinson.

ROBINSON AVIATION INC.

amounted to much percentagewise. General Motors' high-salaried men, for instance, got boosts ranging from \$30,000 to about \$45,000. Stacked against the \$400,000 and \$500,000 overall income figure for their men—and remembering the big tax bite—those increases represent comparatively small gains in net income.

Gwilym A. Price, Westinghouse president (pictures, page 110), got one of the few major increases, along with William Balderston, president of Philco Corp. Balderston's boost, however, was mostly in the company's contribution to his pension fund.

Practically all the rest of the pay increases were under \$20,000-\$15,000 for Joseph B. Hall, Kroger Co. president; less than \$2,000 for H. N. Mallon, Dresser Industries head; \$400 for Montgomery Ward's Sewell Avery.

Montgomery Ward's Sewell Avery.

• A Long Way Down—It was a different story with the cuts (pictures). General Electric's Ralph J. Cordiner lost a little over \$62,000. That wasn't quite so hard as the blow handed Frank H. Reichel, president of American Viscose Corp., who made \$81,000 less than the year before. Harold Blancke, head of Celanese Corp., dropped over \$58,000.

In the last two cases, the decrease all came out of bonus: There wasn't any in 1952, apparently because of a tough

vear for rayon.

• A Reflection—That fact explains a good deal about what happened to top salaries in 1952. Profits of U. S. industry generally were down, something that many salary plans reflect because they are partly tied to earnings.

For example, in 1950—the biggest industrial earnings year on record—salaries spiraled right along with profits.

That was the year when GM's top man, Charles E. Wilson, made \$650,000; this year no one in GM topped \$600,000. In the three years, 1950-1952, GM's salaries and bonuses fluctuated directly with profits—up in 1950, down in 1951, up again in 1952.

• No Strings—One thing to remember is this: When figures are in for 1953, it will be a lot clearer just how much boards of directors think management is worth. That's because for the past couple of years, management has been living with salary controls. These ended in February. So in a year when profits seem to be looking up, companies will have a chance to adjust pay rates.

Of course, salary controls were never lid-tight. Bonus plans in effect could go right on fluctuating with profits. But they were enough of a drag to cloud

the picture a bit.

Furthermore, if personal income taxes are reduced, a lot more compensation will probably be paid in outright salary boosts or bonuses, rather than by deferred compensation methods or indirect incentives like stock options.

• Less Paper Work—Results of the BUSINESS WEEK survey for 1952 are tabulated below. Information this year is not so detailed in some cases as it was last year (BW—May31'52,p112) because of a change in reporting regulations of the Securities & Exchange Commission, which started with 1952. These two requirements no longer apply: (1) a breakdown of salary, bonus, or profit-sharing figures; (2) separate reporting of company contributions to an individual's pension during the year, in the case of group pension plans.

All figures refer to income before

personal taxes.

AGR	CULTUR	AL MAC	CHINERY		
The state of the s				1952	1951
	Salary	Bonus	Pension	Total	Total
ALLIS-CHALMERS MFG. CO.					
W. A. Roberts, pres	\$71,666	-		\$71,666	\$65,536
J. L. Singleton, v.p	43,333	-	-	43,333	31,648
INTERNATIONAL HARVESTER CO	).				
John L. McCaffrey, pres	\$112,200	\$66,000	\$21,377	\$199,577	\$192,462
Peter V. Moulder, ex. v.p	73,540	42,900	15,380	131,820	125,041
AIRC	RAFT M	ANUFAC	TURING		
BOEING AIRPLANE CO.					
Wm. M. Allen, pres	\$86,940	-		\$86,940	\$86,500
Weliwood E. Beall, sen. v.p	59,805			59,805	57,665
UNITED AIRCRAFT CORP.					
H. Mansfield Horner, pres	\$157,240	-	\$9,491	\$166,731	\$160,737
Leanard S. Hobbs, v.p	115,800		9,491	125,291	
Frederick B. Rentschler, chr	107,600		-	107,600	103,950
	AP	PAREL			
CLUETT, PEABODY & CO.					
Barry Leithead, pres	\$90,798			\$90,798	\$92,293
Robert L. Palmer, v.p	47,743			47,743	
* Pension contribution not broken down	this year.				
HART, SCHAFFNER & MARX					
Meyer Kestnbaum, pres	\$100,120	-	-	\$100,120	\$99,703
Morris Greenberg, v.p	50,000	-		50,000	49,750
* Pension centribution not broken down	this year.		- 10	Y	
			(0	Continued of	on page 11

# New Packard Program



What's happening at Packard? Why is Packard the news-story of this automotive year?

These are questions heard almost daily, and we'll give you the answers as we see them—

The story broke last December. At that time Packard launched an entirely new program with the introduction of two new lines of cars:

The New Packard was introduced as <u>America's new choice</u> in fine cars;

The new Packard CLIPPER was introduced as a new car in the medium-price field built by Packard in the fine-car tradition.

The introduction of these beautiful new cars by America's real pioneer in quality-car production filled Packard showrooms from coast to coast.

For Packard was Packard . . . a name that had earned respect and attention; a name with a reputation for quality so deeply entrenched that it is considered one of the major achievements of the first fifty years of automotive history in America.

Think back a minute. You will remember either from personal experience, from your reading, or from hearing it said, that as the automobile industry grew, Packard became the national preference in fine cars by so wide a margin that no other fine-car manufacturer was even close!

In every state of the Union there were more Packards registered than any other fine car.

And for several decades Packard exported more fine cars than any other three fine-car makers combined.

Until the mid-30's Packard was the only car that consistently dominated the luxury market. This represents a longer period of time than any other fine car has ever been on top.

During the depression years when the Nation's purse was thin, Packard virtually abandoned the fine-car field by concentrating production on a lower priced line.

In those days only a relatively few fine cars were produced to sell at high prices to families where Packard had become a tradition.

Successful as the lower-priced line was, it left the thousands who had grown accustomed to Packard's traditional fine-car luxury without the car of their choice.

Then about a year ago: the New Packard Program! Two important decisions regarding car lines were made . . .

1... the decision to re-establish Packard in the fine-car field, and to confine the name Packard to luxury automobiles all the way up the line to and including the custom-built, eight-passenger models for corporate and personal use...

2...the decision to introduce the *Packard* CLIPPER as the only medium-priced car in America built in the fine-car tradition.

Thus, the New Packard Program made news from the start. But seldom before in the spectacular history of the automotive industry has a program developed so much interest, comment—and action! Today . . .

Packard production is at an alltime high.

Packard sales are running ahead of production.

Packard's famous engineering department which in 1915—nearly forty years ago—designed and built the famous Packard Twin-Six Engine, one of the first great V-type engines . . . which also designed and built the great Liberty Engine of World War I, the Navy's thunder-and-lightning PT boat engines of World War II . . . and other achievements of consequence, is being expanded to bring even further scientific advances to Packard-built cars.

New millions of dollars are being invested in Packard manufacturing facilities.

New strength is being added daily to the Packard dealer organization to provide more convenient service to the thousands of old and new customers who are buying Packard automobiles.

Now you are up-to-date on the story about the New Packard Program. There is just one thing left for us to say: to invite you to visit a Packard dealer and discover for yourself why the New Packard Program has become the news-story of this automotive year—

—why the new Packard is America's new choice in fine cars—

—why everybody who knows motor car values calls the *new* Packard CLIPPER the "buy" of the year.

Your interest in reading the story behind the New Packard Program is appreciated.

PACKARD MOTOR CAR COMPANY
Ask The Man Who Owns One

New Economy...
New Convenience With

# Frigidaire Pressure-Balanced Water Coolers



Customers, employees, visitors alike, welcome cool, clear drinking water. Here is water service at its best with a Frigidaire Water Cooler. Automatic regulator compensates instantly for all pressure changes. Stream always constant, no squirt or spurt. New instantaneous "flash cooling" lowers operating costs as much as 30%. New all-electric toetip control. New splash-proof porcelain top. New convenient low drinking height. Powered by quiet, dependable Meter-Miser warranted for 5 years. Capacities 6, 12, 18 gallons per hour.



#### New "Executive" Bottle Type Cooler with Refrigerated Compartment

Puts ice cold water at your finger tips. Handy compartment freezes two trays of ice cubes, cools quart bottles; holds up to 36 soft drinks. Plugs into any 115 v. AC outlet; requires no plumbing. Call your Frigidaire Dealer today. Or write: Frigidaire, Dayton 1, Ohio. In Canada: Toronto 13, Ontario.

## Frigidaire

Water Coolers

Built and backed by General Motors

The most complete line of air conditioning and refrigerating products in the industry

	AUTO	MOBILES	1 23 3		
	Salary	Benus	Pension	1952 Total	1951 Tetal
Charles E. Wilson, pros."	\$201,100	\$380,000‡		\$581,000	\$566,200
Albert Bradley, ex. v.p	161,375	370,000‡		531,375	486,100
Harlow H. Curtico, ex. v.p." Roneld K. Evans, ex. v.p	151,200	370,000‡		521,200 446,000	471,200 411,100
Frederic G. Donner, v.p	136,100	310,000‡	1	446,100 430,325	411,200 391,375
Harry Klingler, v.p	116.200	260,000	1		346,000
Witson resigned as president, replace tin stack and cesh payable in five inst Transian payments not included in con	allments.	ambdaum this s			
CHRYSLER CORP.					
K. T. Keller, chr B. E. Hutchinson, chrfinance.	\$300,900	45,000		\$300,900 271,000	\$300,900
L, L. Colbert, pres	200,000	80,000	3,963	283,963	284,540
	BISCUI	TS, CAKE			
CONTINENTAL BAKING CO.	BISCOI				
R. K. Stritzinger, chr	\$90,480 46,800		=:	\$90,480 46,800	\$83,112
* Pension breakdown not given this yes	The second second				
NATIONAL BISCUIT CO. George H. Coppers, pres	\$126,000			\$126,000	\$125,900
Roy E. Tomlinson, chr SUNSHINE BISCUITS, INC.	91,000			91,000	91,100
Henford Main, pres	\$85,055			\$85,055	
M. G. Johaning, ex. v.p	50,105		NO.	50,105	
	CHE	MICALS			
E. I. DUPONT DE NEMOURS &		****		0.502.200	6510 600
Crawford Greenewalt, pres Angus B. Echols, v.p	\$153,290 104,184	130,000		234,184	\$519,600 362,550
UNION CARBIDE & CARBON C				\$162,500	\$85,256***
George O. Curms Jr., v.p	110,000			140,867	
Paul P. Huffard, v.p	110,000	5.00	ALL DESCRIPTION OF	146,959	
Fred Haggerson, chr., (died)					
Oct. 14, 1952)	141,923 his year.	-	38,974** local trade	178,782 Insurance con	185,071 neary payment.
Oct. 14, 1982)  *Pusien payments set broken down to the telephone payment.  ****Not instuding panelon payment.	CIGA	ARSTTES			
Oct. 14, 1982)  *Pensien payments not broken down to the selection payment.  ****Not including passion payment.  LIGGETT & MYERS TORACCO C	CIGA	ARETTES			
Oct. 14, 1982).  *Pessien payments net broken down terbNot instruding passion payment.  LIGGETT & MYERS TOSACCO C  8, F. Few, pres	CIGA O. \$192,666 125,766	ARETTES		\$192,666 125,766	\$195,811 131,453
Oct. 14, 1982)  *Passion payments not broken down to the payment.  ***Not including passion payment.  LIGGETT & MYERS TOSACCO C. B. F. Few, pres	CIGA O. \$192,666 125,766 122,599	=		\$192,666 125,766 122,599	\$195,811 131,453 144,509
Oct. 14, 1982).  *Position payments not broken down to the payment of the payment of the payment.  LIGGETT & MYERS TOSACCO C & F. few, pres.  W. A. Blount, v.p.  Q. W. Thompson, v.p.  AMERICAN TOSACCO CO. Paul M. Noho, pres.	CIGA O. \$192,666 125,766 122,599 \$120,000	=		\$192,666 125,766	\$195,811 131,453 144,509
Oct. 14, 1982).  *Pensien payments net broken down i ***Not instading passion payment.  LIGGETT & MYERS TORACCO C 8, F. Few, pres.  W. A. Blount, v.p.  O. W. Thempson, v.p.  AMERICAN TORACCO CO. Paul M. Nohn, pres.  Presien L. Fawfer, v.p.  8, J. REYNOLDS TORACCO CO.	CIGA O. \$192,666 125,766 122,599 \$120,000 50,000	\$117,537		\$192,666 125,766 122,599 \$237,537	\$195,811 131,453 144,509 \$235,619
Oct. 14, 1982).  *Position payments not broken down to the payment and broken down to the payment.  LIGGETT & MYERS TOSACCO C. 8. F. Few, pres	CIGA O. \$192,666 125,766 122,599 \$120,000 50,000	\$117,537		\$192,666 125,766 122,599 \$237,537 144,030	\$195,811 131,453 144,509 \$235,619
Oct. 14, 1982).  *Pensien payments net broken down to the payment of broken down to the payment.  LIGGETT & MYERS TOBACCO C.  8. F. Few, pres	CIGA O. \$192,666 125,766 122,599 \$120,000 50,000	\$117,537		\$192,666 125,766 122,599 \$237,537 144,030 \$63,333	\$195,811 131,453 144,509 \$235,419 142,495
Oct. 14, 1982).  *Position payments not broken down to the payment and broken down to the payment.  LIGGETT & MYERS TOSACCO C. 8. F. Few, pres	CIGA  0. \$192,466 125,766 122,599 \$120,000 \$0,000	\$117,537	aceived from	\$192,666 125,766 122,599 \$237,537 144,030 \$63,333	\$195,811 131,453 144,509 \$235,619 142,495 \$167,003
Oct. 14, 1982).  *Pensien payments net broken down to the payment and broken down to the payment.  LIGGETT & MYERS TORACCO C.  8. F. Few, pres.  W. A. Blount, v.p.  O. W. Thompson, v.p.  AMERICAN TORACCO CO. Paul M. Hohn, pres.  Presion L. Fawler, v.p.  2. J. REYNOLDS TORACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whiteker, pres. (chr. 10/5/52)	CIGA 0. \$192,666 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782	\$117,537	\$14,585 11,206	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,350	\$195,811 131,453 144,509 \$235,619 142,495 \$167,003
Oct. 14, 1982).  *Pensien payments net broken down 1 ***Not instading passion payment.  LIGGETT & MYERS TOBACCO C 8, F. few, pres.  W. A. Blount, v.p.  G. W. Thompson, v.p.  AMERICAN TOBACCO CO. Paul M. Hohn, pres. Presion L. Favrier, v.p.  2. J. REYNOLDS TOBACCO CO. James A. Gray, chr. (died 9/29/52) John C. Whiteker, pres. (chr. 10/5/52) E. A. Darr. pres. 10/5/53  THE BORDEN CO.	CIGA O. \$192,566 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782 DAIRY	\$117,537	\$14,585 11,206	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,380 74,988	\$195,811 131,453 144,509 \$235,619 142,495 \$187,003
Oct. 14, 1982).  *Passien payments net broken down to the payments net broken down to the payment.  LIGGETT & MYERS TOSACCO C. 8. F. Few, pres.  W. A. Blount, v.p.  G. W. Thompson, v.p.  AMERICAN TOSACCO CO. Pout M. Hohn, pres.  Preston L. Fawler, v.p.  2. J. REYNOLDS TOSACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whitelson, pres. (chr. 10/5/52)  E. A. Darr, pres. 10/5/53  THE BORDEN CO. Theodore G. Montague, pres. Harold W. Comfort, ex. v.p.	CIGA O. 8192,466 125,766 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782 DAIRY \$132,600 91,800	\$117,537	\$14,585 11,206	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,350	\$195,811 131,453 144,509 \$235,619 142,495 \$167,003
Oct. 14, 1982).  *Position payments net broken down tennel instituting passion payment.  LIGGETT & MYERS TOBACCO C. 8. F. Few, pres.  W. A. Blount, v.p.  O. W. Thompson, v.p.  AMERICAN TOBACCO CO. Pout M. Hohn, pres.  Preston L. Fowler, v.p.  2. J. REYNOLDS TOBACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whiteker, pres. (chr. 10/5/52)  E. A. Darv, pres. 10/5/53  THE BORDEN CO. Theodore G. Montague, pres. Harold W. Comfort, ex. v.p.  NATIONAL DAIRY PRODUCTS C	CIGA O. \$192,666 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782 DARRY \$132,600 91,800 ORP.	\$117,537	\$14,585 11,206	\$192,666 125,766 122,599 \$237,537 144,030 \$63,333 113,350 74,988	\$195,811 131,453 144,509 \$235,419 142,495 \$167,003 105,145 \$133,200 92,300
Oct. 14, 1932).  *Pensien payments net broken down 1 ***Not instading passelen payment.  LIGGETT & MYERS TOSACCO C 8, F. Few, pres.  W. A. Blount, v.p.  O. W. Thempson, v.p.  AMERICAN TOSACCO CO. Paul M. Nohn, pres. Presion L. Fawfer, v.p.  2. J. REYNOLDS TOSACCO CO. James A. Gray, chr. (died 9/29/52) John C. Whiteker, pres. (chr. 10/5/32) E. A. Darv, pres. 10/5/53  THE BORDEN CO. Theodore G. Mantague, pres. Haro'd W. Comfort, ex. v.p.  NATIONAL DAIRY PRODUCTS C L.A. Yen Romel, pres.	CIGA  O. \$192,666 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 63,782  DAIRY \$132,600 91,500 001,500	\$117,537 94,030	\$14,585 11,206	\$192,666 128,766 122,599 \$237,537 144,030 \$83,333 113,380 74,988 \$132,600 91,800 \$151,440	\$195,811 131,453 144,509 \$235,419 142,495 \$187,003 105,145 
Oct. 14, 1982).  *Position payments net broken down ternion lestuding passion payment.  LIGGETT & MYERS TOSACCO C & F. Few, pres.  W. A. Blount, v.p.  O. W. Thompson, v.p.  AMERICAN TOSACCO CO. Pout M. Hohn, pres.  Preston L. Fowler, v.p.  2. J. REYNOLDS TOSACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whiteker, pres. (chr. 10/5/52)  E. A. Darv, pres. 10/5/53  THE BORDEN CO. Theodore G. Mantague, pres. Harold W. Comfort, ex. v.p.  NATIONAL DARY PRODUCTS C L. A. Ven Bomel, pres.  E. E. Stewart, ex. v.p.  **New chairman.  **New chairman.	CIGA  O. \$192,546 125,746 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782  DAIRY \$132,400 91,800 ORP. \$151,220 144,653 president.	\$117,537 94,030	\$14,585 11,206	\$192,666 128,766 122,599 \$237,537 144,030 \$83,333 113,380 74,988 \$132,600 91,800 \$151,440	\$195,811 131,453 144,509 \$235,619 142,495 \$187,003 105,145 \$133,200 92,300 \$151,440
Oct. 14, 1982).  *Position payments net broken down 1***Not instrating passion payment.  LIGGETT & MYERS TOSACCO C & F. Few, pres.  W. A. Blount, v.p  G. W. Thompson, v.p  AMERICAN TOSACCO CO. Poul M. Mohn, pres.  Presion L. Fowler, v.p  2. J. REYNOLDS TOSACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whiteker, pres. (chr. 10/5/52)  E. A. Darr, pres. 10/5/53  THE BORDEN CO. Theodore G. Mantague, pres. Harold W. Comfort, ex. v.p  NATIONAL DARY PRODUCTS C L. A. Yen Bomel, pres.  E. E. Stewart, ex. v.p  **New chairman.	CIGA  O. \$192,546 125,746 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782  DAIRY \$132,400 91,800 ORP. \$151,220 144,653 president.	\$117,537 94,030	\$14,585 11,206	\$192,666 128,766 122,599 \$237,537 144,030 \$83,333 113,380 74,988 \$132,600 91,800 \$151,440	\$195,811 131,453 144,509 \$235,419 142,495 \$187,003 105,145 
Oct. 14, 1982).  *Passien payments net broken down in the payments net broken down in the payment.  LIGGETT & MYERS TORACCO C. 8. F. Few, pres.  W. A. Blount, v.p.  O. W. Thompson, v.p.  AMERICAN TORACCO CO. Paul M. Hohn, pres.  Preston I. Fowler, v.p.  2. J. REYNOLDS TORACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whilester, pres. (chr. 10/5/52)  E. A. Darv, pres. 10/5/53  THE BORDEN CO. Theodore G. Mantague, pres. Harold W. Comfort, ex. v.p.  NATIONAL DAIRY PRODUCTS C. L. A. Ven Bomel, pres.  E. E. Stewart, ex. v.p.  **Now chairman.**  D. ALLIED STORES CORP. Charles E. McCarthy, pres	CIGA  O. \$192,466 125,766 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 63,782  DARRY \$132,400 91,800 ORP, \$151,220 144,453 precident.  EPARTMI	\$117,537 94,030 PRODUCT	\$14,585 11,206 IS Contribution RES \$ 192	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,350 74,988 \$132,600 91,000 \$151,440 144,653 to ponsion no	\$195,811 131,453 144,509 \$235,619 142,495 \$187,003 105,145 \$133,200 92,300 \$151,440 131,360 \$broken down.
Oct. 14, 1982).  *Position payments not broken down to the payment of broken down to the payment of the payment.  LIGGETT & MYERS TOSACCO C. 8. F. Few, pres.  W. A. Blount, v.p.  Q. W. Thompson, v.p.  AMERICAN TOSACCO CO. Paul M. Hohn, pres.  Freston L. Fawfer, v.p.  2. J. REYNOLDS TOSACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whiteker, pres. (chr. 10/5/52)  E. A. Darr. pres. 10/5/53  THE BORDEN CO.  Theodore G. Mantague, pres.  Harold W. Comfort, ex. v.p.  NATIONAL DAIRY PRODUCTS C. 1. A. Van Bomel, pres.  E. Stewart, ex. v.p.  *New chairman.  D. ALLIED STORES CORP.	CIGA  O. \$192,666 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 63,782  DARRY \$132,600 91,500 ORP. \$151,220 144,653 positions.	\$117,537 94,030 PRODUCT	\$14,585 11,206	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,350 74,988 \$132,600 91,800 \$151,440 144,653 te pension ne	\$195,811 131,453 144,509 \$235,619 142,495 \$167,003 105,145 
Oct. 14, 1982).  *Passien payments not broken down to the payments and broken down to the payment.  LIGGETT & MYERS TOSACCO C. R. F. Few, pres.  W. A. Blount, v.p.  Q. W. Thompson, v.p.  AMERICAN TOSACCO CO. Pout M. Hohn, pres.  Presten L. Fawler, v.p.  2. J. REYNOLDS TOSACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whiteker, pres. (cbr. 10/5/32)  E. A. Darr, pres. 10/5/53  THE BORDEN CO. Theodore G. Mantague, pres. Harold W. Comfart, ex. v.p.  NATIONAL DAIRY PRODUCTS C. L. A. Yen Bomel, pres.  L. E. Stewart, ex. v.p.  *New chairman.  D. ALLIED STORES CORP. Charles E. McCarthy, pres.  Edward R. Milton, v.p.  B. H. MACY & CO.  Jack I. Streus, pres.	CIGA  O. \$192,466 125,766 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 63,782  DARRY \$132,600 91,500 ORP. \$151,220 144,653 positions.  EPARTM \$50,260 49,180 \$135,360	\$117,537 94,030 PRODUCT ————————————————————————————————————	\$14,585 11,206 FS Contribution RES \$ 192 3,911	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,350 74,988 \$132,600 91,000 \$151,440 144,653 to pension no	\$195,811 131,453 144,509 \$235,619 142,495 \$167,003 105,145 
Oct. 14, 1982).  *Position payments net broken down 1***Not instrating passelon payment.  LIGGETT & MYERS TOSACCO C & F. Few, pres	CIGA  O. \$192,546 125,746 125,746 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782  DARRY \$132,400 91,800 ORP, \$151,220 144,653 precident.  EPARTMI \$50,260 49,180 \$135,360 110,420	\$117,537 94,030 PRODUCT 	\$14,585 11,206 IS 	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,350 74,988 \$132,600 91,000 \$151,440 144,653 to pension no	\$195,811 131,453 144,509 \$235,619 142,495 \$187,003 105,145 \$133,200 92,300 \$151,440 131,360 # broken down.
Oct. 14, 1982).  *Postien payments net broken down 1***Not instuding passion payment.  LIGGETT & MYERS TOSACCO C & F. Few, pres.  W. A. Blount, v.p.  O. W. Thompson, v.p.  AMERICAN TOSACCO CO. Pout M. Hohn, pres.  Preston I. Fowler, v.p.  2. J. REYNOLDS TOSACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whiteker, pres. (chr. 10/5/52)  E. A. Darv, pres. 10/5/53  THE BORDEN CO. Theodore G. Mantague, pres. Harotd W. Comfort, ex. v.p.  NATIONAL DARY PRODUCTS C L. A. Ven Bomel, pres.  E. E. Stewart, ex. v.p.  **Now chairman.  **Now the common of the common	CIGA  O. \$192,546 125,746 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782  DAIRY \$132,600 91,800 ORP, \$151,220 144,653 president.  EPARTMI \$50,240 49,180 DISTI	\$117,537 94,030 PRODUCT ————————————————————————————————————	\$14,585 11,206 FS Contribution RES \$ 192 3,911	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,350 74,988 \$132,600 91,000 \$151,440 144,653 to pension no	\$195,811 131,453 144,509 \$235,619 142,495 \$167,003 105,145 
Oct. 14, 1982).  *Position poryments net broken down to the property of the pr	CIGA  O. \$192,566 125,746 122,599 \$120,000 \$0,000 \$43,333 98,767 43,782  DAIRY \$132,600 91,800 ORP. \$151,220 144,653 precident. \$50,260 49,180 \$132,500 110,420 DISTI	\$117,537 94,030 PRODUCT 	\$14,585 11,206 IS Contribution RES \$ 192 3,911 \$7,766 9,700	\$192,666 125,766 122,599 \$237,537 144,030 \$03,333 113,350 74,988 \$132,600 91,800 \$151,440 144,653 te pension ne	\$195,811 131,453 144,509 \$225,619 142,495 \$187,003 105,145 
Oct. 14, 1982).  *Passien payments net broken down to the payments and broken down to the payment.  LIGGETT & MYERS TOBACCO C. R. F. Few, pres.  W. A. Blount, v.p.  Q. W. Thompson, v.p.  AMERICAN TOBACCO CO. Poul M. Hohn, pres.  Presten L. Fawler, v.p.  2. J. REYNOLDS TOBACCO CO. James A. Gray, chr. (died 9/29/52)  John C. Whiteker, pres. (cbr. 10/5/53)  E. A. Darr, pres. 10/5/53  THE BORDEN CO. Theodore G. Mantague, pres. Harold W. Comfart, ex. v.p.  NATIONAL DAIRY PRODUCTS C. L. A. Ven Bomel, pres.  2. E. Stewart, ex. v.p.  *New chairman.  D.  ALLIED STORES CORP. Chories E. McCarthy, pres. Edward R. Miltion, v.p.  Edwin F. Chinlund, v.p.  DISTILLERS CORP.—SEAGRAMS,	CIGA  O. \$192,466 125,766 125,766 122,599 \$120,000 \$0,000 \$43,333 98,767 63,782  DARRY \$132,600 91,500 ORP. \$151,220 144,653 positions.  EPARTM \$50,260 49,180 DISTI	\$117,537 94,030 PRODUCT 	\$14,585 11,206 IS 	\$192,666 125,766 122,599 \$237,537 144,030 \$83,333 113,350 74,988 \$151,440 1,44,653 to ponsion no \$151,440 1,44,653 to ponsion no \$153,881 128,845	\$195,811 131,453 144,509 \$235,619 142,495 \$187,003 105,145 \$133,200 92,300 \$151,440 131,360 \$150,000 \$151,440 131,360 \$150,000 \$151,440 \$131,360 \$151,440 \$131,360 \$151,440 \$131,360 \$154,014 \$17,466

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You think it's because she's beautiful and charming... But, no! It's because, since she got her Neva-Clog Stapler, his files are neat, complete and orderly. And he's not disturbed by the noisy pounding on old desk-type fasteners.

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THEY PAY FOR THEMSELVES

** .to *** / /*		TOTAL STREET		-	
				1952	1951
	10.50	Bonus	Pension	Total	Total
John E. Bierwirth, chrpres \$185 Ernest Stainton, v.p 78		=	=	\$185,642 78,552	\$302,000
	DI	RUGS			
STERLING DRUG, INC. Jumes Hill, Jr., chrpres \$131	404			\$131,404	\$131,404
	800			60,800	4131,704
	,500	=		\$62,500 45,000	\$66,667 45,000
ELECTR	ICAI	LEQUIP	MENT		
Rolph J. Cordiner, pres \$202,				*****	*****
Philip D. Rood, chr				\$202,524 140,028	\$264,750 215,001
Gwilym A. Price, pres \$203, L. E. Osberne, exec. v.p 125,		=	=		\$147,590 122,263
	GRO	CERIES			
STANDARD BRANDS, INC.		CERIES			
Joseph A. Lee, 1st v.p 75,	000	I		\$100,000 75,000	\$100,000 75,000
GRO	CER	Y STOR	ES		
THE KROGER CO. Joseph B. Hall, pres \$150,	000			\$150,000	\$135,211
Joseph Bappert, v.p	000		-	50,000	63,966
The Hills and Annual Control of the	000	\$137,474	\$5,586 2,438	\$143,060 62,438	\$182,636 83,780
INDUST	RIA	L MACH	HINES		
DRISSER INDUSTRIES, INC.				******	******
H. N. Mallon, pres \$112, J. B. O'Conner, ex. v.p 98, INGERSOLL-RAND CO.	156			\$112,156 98,156	104,878
D. C. Keefe, pres \$125,	000			\$125,000 90,000	\$125,000 90,000
MAIL	ORE	DER HO	USES		
SEARS, ROEBUCK & CO. Fowler B. McConnell, pres \$125,	000			\$125,000	\$127.120
Robert E. Wood, chr 125,	000			125,000	131,278
MONTGOMERY WARD & CO.	000			70,000	
Sewell Avery, chr \$101, Stuart S. Rall, pres				\$101,500	\$101,100
Edmund A. Krider, v.p. ** 52, *resigned. ** New president.				52,347	
		PACKING			
SWIFT & CO.			8) SER.		
John Holmes, pres \$127, Porter M. Jarvis, ex. v.p 61, ARMOUR & CO.		==	==	\$127,404 61,154	60,000
Frederick W. Specht, preschr. \$134,2 Harry S. Eldred, ex. v.p 93,2				\$134,704 93,234	\$126,954 89,561
MOTI	ON	PICTUR	ES		
LOEW'S, INC.	9937			****	
Nicholas M. Schonck, pres \$130,7 Dore Schary, v.p 200,0	000	\$45,186	\$52,996	200,000	\$277,764
Edgar J. Mannix, v.p 159,4		25,304	49,061	233,836	251,667
INTERNATIONAL BUSINESS MACHINES		QUIPME	NI		
Thomas J. Watson, chr \$272,8	89		\$2,131		\$280,286
John G. Phillips, v.chr			2,274 2,660	152,707	150,021
OFFIC	CE /	MACHIN	ES		
NATIONAL CASH REGISTER CO.	376				
Stanley C. Allyn, pres \$225,0 Edward A. Deeds, chr 100,0			\$8,362	\$233,262 100,000	\$242,644 100,000
John M. Wilson, v.p 112,0			4,014	116,014	
			(C	ontmued of	n page 118)

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ONE KEY to improved production is better working and living conditions. This has led many industries to select plant sites in middle-sized towns with their good life for all concerned.

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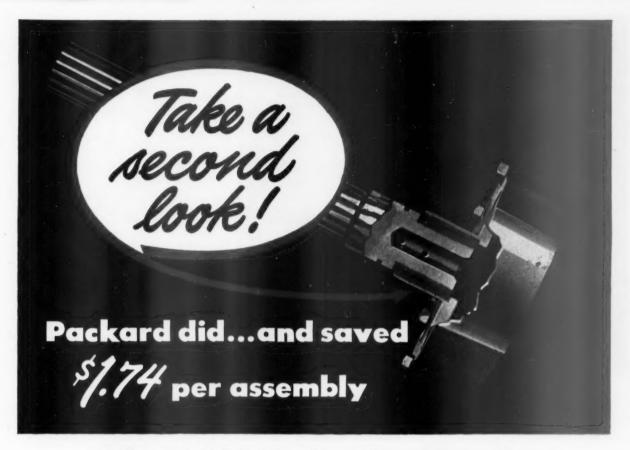
D. M. LYNN, Assistant Vice President Industrial Development—Room 520-C, Erie Railroad Midland Building, Cleveland 15, Ohio

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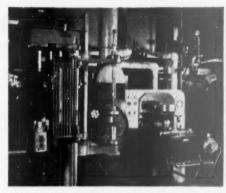
	OIL C	OMPANII	ls .		
	Salary	Bonus	Pension	1952 Total	1957 Total
GULF OIL CORP. J. F. Droke, chr.* S. A. Sweinsrud, pres.* W. K. Whiteford, ex. v.p.* * Droke new challenes of snactive con * Contributions is pension for your no	\$168,000 140,000 85,000 milition, Swan broken dow	\$175,000 170,000 80,000 tered, chairma	m, Whitelerd, 1	\$343,000 310,000 165,000 president.	\$343,000 241,875
F. W. Abrams, chr  Eugene Holman, pres  Chester F. Smith, v.p  *Centribution to thrift plan.	\$150,000 175,000 125,000	\$14,275° 16,650° 11,900°	\$32,894 29,464 26,120	\$197,159 221,114 163,020	\$194,417 218,114
STANDARD OIL CO. (INDIANA) Alonzo W. Feate, pres Robert E. Wilson, chr THE TEXAS CO.	\$150,004 160,240	=	I	\$150,004 160,240	\$159,189 168,833
W. S. S. Rodgers, chr.* Harry T. Klein, pres.* * Betirod.	\$150,000 140,000		=	\$150,000 140,000	\$150,000 140,000
S. S. Jennings, proc	\$150,000 125,000		\$21,889 20,661	\$171,889 145,661	\$151,492 125,427
	PAPER	PRODUC	TS		
CROWN ZELLEBACH CORP.º  J. D. Zellerbath, pres  H. L. Zellerbath, en. v.p.  R. A. McDonold, chv  *Your ended April 20.	\$98,883 66,475 76,575		\$12,000 12,000 12,000	\$110,883 78,475 88,575	\$91,400 62,250
INTERNATIONAL PAPER CO. John H. Hinman, pres H. E. Wegver, 1st v.p	\$150,000 125,000		=	\$150,000 125,000	\$150,000 125,000
	ADIO &	TELEVIS	ION		
RADIO CORP. OF AMERICA David Samoff, shr Frenk M. Folsom, pres PHILCO CORP.	\$200,000 165,000	<b>-</b>	\$251 251	\$200,251 165,251	\$212,423 175,182
William Balderston, pres James H. Carmine, ex. v.p James T. Buckley, chr	\$75,000 60,000 50,000	\$90,000 72,500	\$22,827 18,331 6,918	\$187,827 150,831 56,918	\$158,000 126,500
	RETAI	L TRADE			
J. C. PENNEY CO. A. W. Hughes, pres George E. Mack, es. v.p	\$102,635 102,635	E	\$0,19%	\$110,832 102,635	\$94,666 102,041
U. S. STEEL CORP.		TEEL	Test of the		
Bonjamin F. Fairless, pres.".  Enders M. Voorhoos, chr. ii. c. Irving S. Olds, chr.".  Olds retired as chairmen, reproced by "Contribution to pension not broken a	\$261,200 212,000 117,333 Fairtess. leven.		\$38,740*	\$261,200 212,000 156,073	\$261,176 211,400 219,116
Eugene G. Grece, chr Arthur B. Homer, pres Bebert E. McMath, v.p	\$150,000 120,000	\$306,652 255,544 204,436	==	\$456,652 375,544 279,436	\$456,652 375,544
	TEX	CTILES			
J. P. STEVENS & CO., INC., Robert T. Stevens, chr.* John P. Stevens, Jr., pres.* Wilhert J. Carter, en. v.p Rabert Stevens new Secretory of the A	\$80,000 80,000 80,000 kmy, John P.	1000		\$80,000 - 80,000 80,000	\$92,404 94,621
10	HLET PR	EPARATI	ONS		
PROCTER & GAMBLE CO. Nell H. McElroy, pros. Richard R. Deupree, chr COLGATE-PALMOLIVE-PERT CO.	\$125,000	100,000	\$29,620	\$269,620 200,000	\$232,991 225,000
Edward H. Liftle, chr Wm. L. Simz, II, ex. v.p	\$117,235			\$117,235 67,235	\$226,401 61,562
	YAR	MILLS			
AMERICAN VISCOSE CORP. frank N. Reichel, pres Gereid S. Tompkins, v.p CELANESE CORP.	\$125,000 80,417			\$125,000 80,417	12,479
Heroid Blancke, pres George Schneider, v.p Source: S. F. C.	\$131,753 76,479	1 5 m 1 m	\$25,000	\$131,753 101,479	109,231



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THIS is the "planetary output shaft" for the Packard Ultramatic Transmission. It was originally designed to be made from a forging, but Packard engineers "took a second look" and determined that a slight design change, using a casting and a steel shaft, permitted taking advantage of Induction Brazing. This resulted in a savings of \$74,325 in the equipment and tooling for production, in addition to the actual labor and materials savings of \$1.74 per assembly.

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# The lines of modern progress flow from historic pens

The map of the United States has probably changed more than any other part of the world since A. Hoen & Company, Inc., one of the nation's first lithographers, set up shop in Baltimore in 1835. Direct descendants of the founder still produce the exacting lithography modern map production demands. They employ every scientific device to assure the accuracy and flawless reproduction necessary to chart the nation's year-

after-year development and growth.

To further insure the smooth operation of the Hoen plant, the company since 1897 has relied on U. S. F. & G. to provide various bonding and insurance coverage.

Whether you produce maps or other useful goods or services; whether you own your home or business; whatever you do, there are U. S. F. & G. coverages to meet your need.



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#### Time to Leave

Inland Steel's Ryerson, who stepped down because of age, for plan requiring other directors to do same.

Inland Steel Co. stockholders are going to be asked to vote on a plan that would make certain older businessmen step aside to make room for younger ones.

That's in accordance with a belief held by Edward L. Ryerson—former Inland chairman who practices what he preaches.

• Stepping Down-Last summer, when he became 65, he persuaded directors of Inland to transfer the responsibilities of chief executive from the chairman to the president. Only then did he agree to continue as Inland's chairman—strictly on a consultative and advisory basis. Early this year he refused to stand for reelection as a director of Northern Trust Co., Chicago, for reasons of age (BW-Jan.24'53,p114).

Now he has stepped down as chairman of both the steel company and Joseph T. Ryerson & Son, Inc.—Inland's steel wholesaling subsidiary, founded by his grandfather.

• Policy—At Inland's annual meeting, he told stockholders they'd be asked to approve a plan to fix the maximum age for directors. Under the plan, which Inland's board has authorized for submission to shareholders, a director would retire at the annual meeting following his 72nd birthday.

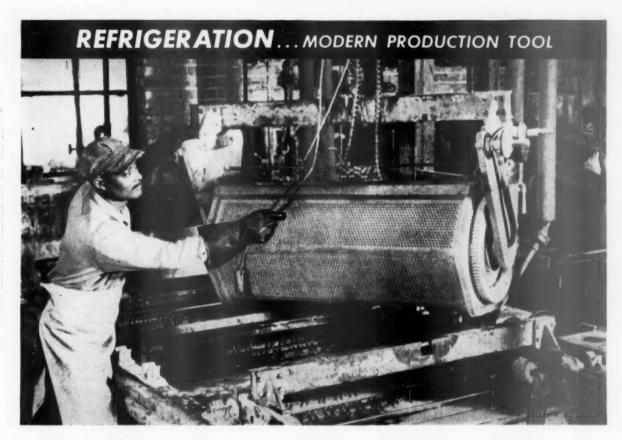
This retirement policy for directors is similar to one in force at Chicago's Harris Trust & Savings Bank (BW—May31'52,p122). There, the retirement age is 70 for outside directors, 66 for officer-directors.

With Ryerson's retirement, 62-yearold Clarence B. Randall became chairman and remains as chief executive officer. Joseph L. Block, formerly executive vice-president, is president. He's 50.

Ryerson is still a director of Inland and chairman of the executive committee of the board.

#### MANAGEMENT BRIEFS

Executive changes in Detroit: William Clay Ford, 28-year-old grandson of Henry Ford, has been named a vice-president of Ford Motor Co.; he has been on the board of directors since 1948. Walter O. Briggs, Jr., stepped down as executive vice-president of Briggs Mfg. Co. to become president of both Detroit Baseball Co. (owner of the



# Chilled electroplating bath increases plant output ...helps maintain quality

TEMPERATURE-CONTROL SYSTEM SOON PAID FOR ITSELF

As in so many industries today . . . temperature control is also of vital importance to the process of electroplating. Although a heat-generating operation, plating baths—such as that pictured above—must be kept cool . . . rigidly held between 75° and 90°F. Higher temperatures slow the procedure . . . adversely affect plating quality . . . may even lead to complete shutdown of a plant.

In controlling the temperature of plating baths, tap water circulated through cooling coils may often run too warm ... particularly during summer months. To overcome this problem in their plant, the Plating Division of Great Lakes Industries, Chicago, installed a 50-ton water chiller. This consisted of a Trans refrigerating unit charged with Du Pont "Freon"\*-12 refrigerant. The machine chills 150 gallons of lake water per minute to 45°F. for circulating through cooling coils in plating-bath tanks.

Automatic temperature control also permits use of high current density in the plating process...a method resulting both in a better product and production increases estimated as high as \$75 an hour. Within six months, the water-chilling installation paid for itself.

Refrigeration-and air conditioning, too-are now serving industry in hundreds of ways. Both are helping solve production problems . . . saving time . . reducing costs . . . improving product quality. Perhaps they can serve you as well. By far the majority of these modern refrigeration systems are operated with equipment charged with Du Pont 'Freon' refrigerants. These are ideal for industrial applications of all types. They are safe . . . noncombustible, nonexplosive, virtually nontoxic...and are manufactured by scientific, laboratorycontrolled methods that insure their quality and uniformity.

Whenever discussing installations for your own plant, office or home...be sure to ask your engineers to recommend machines designed to use "Freon" refrigerants. They meet all building code requirements everywhere. A booklet: "How Air Conditioning and Refrigeration Benefit Industry" will be sent on request. E. I. du Pont de Nemeurs & Co. (Inc.), "Kinetic" Chemicals Div., Wilmington 98, Delaware.



\*"Freon" is Du Pont's registered trade-mark for its fluorinated hydrocarbon refrigerants.

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A recent order of BUSCHMAN Conveyors filled sixteen freight cars . . . almost fifteen miles of roller conveyor sections. The small business needing only a ten-foot section to span from loading dock to truck also looks to BUSCHMAN to supply its needs.

Whether your requirements are large or small, BUSCHMAN low-cost, rugged, light weight roller conveyors represent the easiest, most economical way to safely and quickly move packaged or self-contained products through any one or all phases of plant operations.

Write For Bulletin No. 60

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Representatives in principal cities.

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Put a stop to production stoppers! Re-pack with Quaker—the supertough sheet packing that's long-life engineered! It defies high pressures and other "tortures" from steam, gas, vapors or acids. It expands where it should, stays pliable, resists vibration—lasts for incredibly long periods. Whatever type of packing your job requires—Quaker has it, ready for low-cost. trouble-free ready for low-cost, trouble-free service.

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Belting, Hose, Packing and Moulded Rubber of every construction for every need



QUAKER RUBBER CORPORATION DIVISION OF H. K. PORTER COMPANY, INC.

PHILADELPHIA 24, PA. Branches in Principal Cities Detroit Tigers) and Briggs Commercial & Development Co., a family trust or-

Scott Paper Co., Chester, Pa., is donating money for a five-year scholarship program at Swarthmore College, Swarthmore, Pa. Under the plan, one business student picked annually for the next five years will receive \$1,000 for each of his last two years at Swarthmore. The college will also receive \$1,000 a year from Scott.

A survey by the National Industrial Conference Board shows that only 66 of 544 companies surveyed in 20 big cities have unionized clerical employees.

Conference of the National Association of Suggestion Systems will be held in Buffalo on June 8. Personnel executives from Socony-Vacuum Oil Co., Ford Motor Co., Eastman Kodak Co., and Swift & Co. will report on suggestions systems in their companies.

Breaking ground: The Society for Advancement of Management is taking a preliminary look at ways to get research started on management techniques in distribution problems, use of electronic computers for managerial controls, and employee motivation and psychological testing of executive personnel who work on setting up employee production standards. The society expects to come up with some answers at its annual fall conference this October.

Ferro Corp., Cleveland, Ohio, is taking an opinion survey to find out what its 3,500 stockholders think of the company and its policies. The Case Institute of Technology is going to analyze the survey, the results of which Ferro intends to report to the stockholders.

Damage suit of \$6.2-million has been filed by General Dvestuff Corp., a Newark, N. J., sales outlet for General Aniline & Film Corp., against Veronica Chemical Co., also a Newark organiza-tion. General Dyestuff charges Veronica hired away a dozen of its key personnel to obtain Dyestuff's trade secrets.

A group of eight du Pont, Scott Paper Co., and other company executives is on a Western European tour sponsored by National Sales Executives, Inc. The tour is designed to facilitate exchange of sales and marketing ideas with European businessmen.

Minnesota Mining & Mfg. Co. has a new president, Herbert P. Buetow. Formerly executive vice-president in charge of finance, Buetow replaces Richard P. Carlton, president since 1949, who becomes vice-chairman of the executive committee.



Controls are fundamental to successful railroad operation. And just as necessary to foundries and steel plants is the proper metallurgical control provided by Keokuk Electro-Silvery. Here is your assurance of precise percentages of silicon . . . and exact combinations of manganese, chrome or nickel alloys to suit the melt. The final result is better control of both quality and costs. So look into Electro-Silvery now . . . write for complete information.

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ELECTRO METALS COMPAN

Wenatchee Division: Wenatchee, Washington



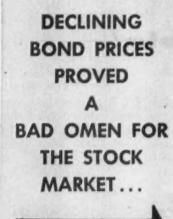
Keokuk Electro-Silvery . . . available in 60 and 30 lb. pigs and 12½ lb. piglets . . . in regular or alloy analysis. Keokuk also manufactures high silicon metal.

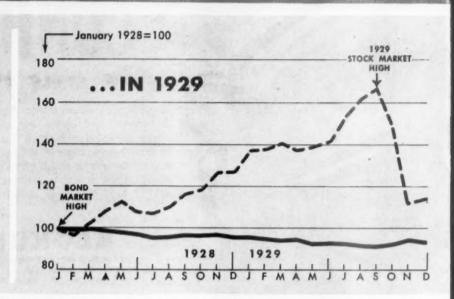
#### SALES AGENTS: MILLER AND COMPANY

332 S. Michigan Ave., Chicago 4, Illinois 915 Olive St., St. Louis 1, Missouri 3504 Carew Tower, Cincinnati 2, Ohio

Everyone's busy at controls around this railroad. Chief Keokuk indicates that No. 999 is on time; Junior throws the switch; and Princess Wenatchee makes sure that signals are all in order.

# FINANCE







ARE WE
DESTINED
TO
SEE THE
PATTERN
REPEATED?

# Bulls Say the Stage Isn't Set for

History, unlike lightning, has a frequent habit of striking in the same spot. That's notably true in the stock market, despite all its claims of steadfast inconsistency. At times, the market is uncanny in the way it follows established patterns.

That adds up to a warning: If you're trying to chart the course of stock prices, don't forget to allow for the price weakness in bonds generally that began to show up a year or so ago, and which now has taken on bear market proportions. Wall Streeters who rely on his-

torical patterns-and many do-find this bond trend leaves them uneasy.

In the past, a persistent downtrend in bond prices has usually forecast an end to any bull moves in stocks within a none too distant future. It's all in the record book. Take a look at the pages covering the final phases of the bull markets in 1929, 1937, and 1946. The charts above show how, once bonds began to weaken, it was only a question of time before stocks began their plunge.

• Missing Symptoms—Today, though, many Street bulls won't agree that the

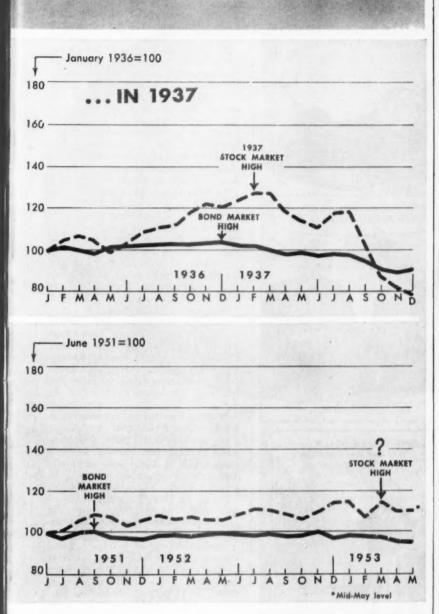
bond market is charting a parallel. It's not that they deny the accuracy of what the records show. But they contend, with some precedent, that it takes more than just a turn in bond prices to knock a bull market in the head. Past breaks haven't come until:

The public has shown avid interest in market doings.

 Huge daily trading volume has caused rapidly fluctuating markets.

 Margin borrowing to finance speculation has expanded sharply.

· The low-priced shares have re-



# a Decline Yet

ceived greater attention from buyers than most other segments of the market.

 Prices of most stocks have been driven up to levels where their yields are directly competitive with the bettergrade bonds.

The bulls insist that these bearish symptoms are still largely absent from the 1949-1953 bull market. So, despite the trend in bond prices, they staunchly deny that the four-year-old stock price upswing has run its course. Although they admit that the market has been disappointing in recent months, they

profess no worries. They say that this has just been one of the resting periods typical of bull markets. This 1949-1953 rise has had five other resting periods—including some that lasted longer than this one. Each of the five finally came to an end, and was followed by a sharp upswing to new highs.

• What's New?—What's so different this time, the bulls ask. Isn't business zooming? Aren't profits climbing again? Aren't dividends still rising? Isn't capital spending by industry slated to set a new high this year? Won't defense spending remain heavy for months? Don't the record individual holdings of liquid assets provide a huge backlog of civilian spending? And what if

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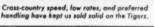
Formerly it took 12 days to ship film from the eastern film producers to Hollywood.

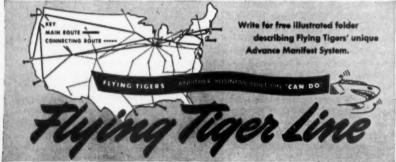






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corporate and personal taxes soon are lowered?

These arguments of the bulls can't be brushed aside. Yet the fabric isn't holeproof.

It is true that we haven't had speculation on 1929's scale, but it is also true that the principal market interest earlier this year was in lower-priced shares (BW-Mar.21'53,p137). Trading on margin has also increased markedly since the cash requirement was cut; Big Board member firms' borrowings on collateral other than government bonds stood at almost \$1.2-billion Apr. 30, up about \$100-million in a month. Moreover, that rise in margin trading took place while prices were dropping and volume in transactions was ebbing.

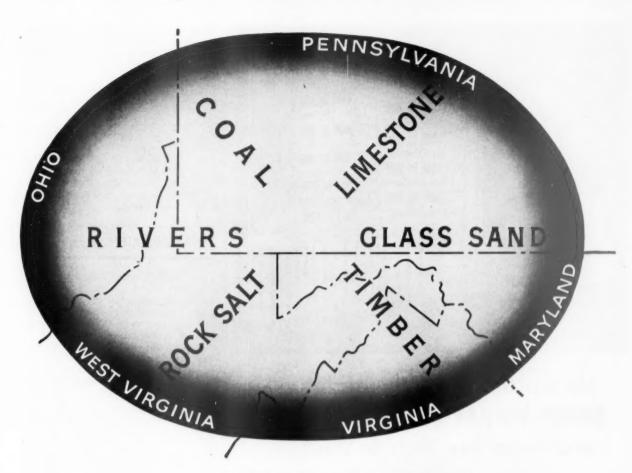
· Range of Yield-Among investmentgrade shares, yields in some cases have been backed down to a point where they aren't too far above the return on bonds. General Electric. Hercules Powder, Goodrich, Allied Chemical & Dye, Westinghouse Electric, Abbott Laboratories, Continental Oil, Eastman Kodak, and Florida Power & Light. to mention only a few, offer a return in the 4% to 4½% range. Such varied commons as Union Carbide & Carbon. Monsanto Chemical, Hooker Electrochemical, Amerada Petroleum, American Can, Corning Glass, du Pont, and Merck & Co. return from 1.77% to

It is also true that the spread between bond vields and the vields on a broader group of stocks is still pretty wide compared to earlier bull markets. In 1937 stock yields at their peak were only 1.16 times bond vields, and in 1946 only 1.3 times. Today the ratio is 1.6. However, at the close of 1950, common stocks offered an average vield almost two and a half times that obtainable from bonds.

• Productivity-Then, too, the business outlook may not be quite so bright as the bulls paint it. Many Streeters have basic fears over the tremendous increase in the nation's productive capacity. They think this may be far in excess of normal consumption requirements. Otherwise, they ask, would we have been seeing curtailed production in some consumer-goods lines, accompanied by some price cutting?

The bears aren't happy, either, about today's high operating costs, although the high level of sales obscures this in many lines. Unless this situation is corrected soon, they believe, business profits will drop sharply once sales really begin to tail off. Paring of material costs will help, of course. But labor costs may not be susceptible to much lowering. Indeed, the group thinks this year will more likely than not see a 5% average increase in wage rates.

As for the international situation, peace is in the air. Any settlement in



natural resources

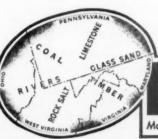
Where can you find an area more abundantly blessed by Nature than West Penn Electric's 29,000 square miles of territory? It has large deposits of bituminous coal—for metallurgical, chemical, fuel and other uses—and substantial reserves of all types of commercial limestone. There too are rock salt and brines, high-quality glass sand, petroleum, natural gas, ceramic and fire clays, and timber.

The area's salt deposits and high calcium limestone, with bituminous coal, offer an ideal combination for manufacturers of basic organic chemicals. Its rivers and streams supply ample water for processing and cooling.

Along with these natural resources, there are technical research facilities and enough manpower to supply both established industries and new ventures. During the past few years, manufacturers of a wide variety of goods have built plants in West Penn Electric's territory and found there the environment needed to develop and serve broader markets.

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West Penn Electric System

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# No matter where they're bound SHIP THEM WIREBOUND! and Stack 'em High As You Like



Korea could bring a reduction of defense spending. There could also be further increases in foreign competition. Both business and consumers may become more cautious.

The bears also marshal a negative argument: What is likely to happen, any time soon, to touch off a new wave of market enthusiasm? What, for example, could have been more to the liking of businessmen and investors than last fall's election results? Yet the fruits of that celebration, marketwise, have withered in recent weakness. And the bears can't see anyone setting the stage for any new upswing.

#### FINANCE BRIEFS

The Treasury appears to have postponed its program to lengthen out its debt maturities. For the \$4.9-billion 15% 11-month certificates and \$725-million long-term tax-exempt 2s it must pay off next month it is offering in exchange one-year 25% certificates. That's the highest interest rate it has offered on such short-term paper in 20 years. Wall Street expects the exchange operation to prove a big success.

Gleaner Harvester Corp., continuous dividend payer since 1936, will not disburse the customary 50¢ quarterly dividend in June. The reason, reports chairman W. J. Brace, is that severe drought conditions in the Southwest wheat belt, where Gleaner normally does 70% of its volume, have cut sales sharply.

Active new-issues markets are expected to continue. Corporations plan to raise \$7.5-billion this year by issuing new securities. Municipal new-issue offerings are also expected to exceed greatly last year's \$4.1-billion volume, according to Treasury deputy W. Randolph Burgess.

Kaiser-Frazer Corp. will ask stockholders next week to approve (1) hiking K-F's authorized common stock from 8-million to 16-million shares; (2) granting Henry J. Kaiser Co. a four-year option to buy 240,000 shares at \$8.25 a share (now selling in the market at \$4.50); (3) a new restricted 10-year stock option plan permitting certain employees to buy 375,000 shares at a price "not less than 85% of fair market value." The Kaiser Co. already has options on 2,649,000 shares; approval of stockholders was not necessary.

Florida Power Corp. will soon sell \$8-million of new \$100-par 41% preferred stock direct to a group of institutional investors. Proceeds will be used to finance its current expansion program.



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HERE'S A SHINY new '53 quarter just deposited with us. We want to show you what a big wheel it is—and how it never goes to sleep on the job of serving country, industry, and you.

#### **Busy Money**

This quarter, along with millions of others, might be earmarked for Grand Rapids and the manufacture of a new line of dining room furniture. Or, it might go directly to a small businessman right in your own community.

Take your local appliance dealer, for example-or the fellow who runs the

garage. He wants to expand his business to give you better service and, naturally enough, make a greater profit for himself. For the extra money he needs, he calls on a bank. The bank of his choosing.

#### 14,000 Commercial Banks

And, he has a wide choice! That's because there are 14 thousand commercial banks in the United States with 164 billion dollars on deposit—money that's ready to serve American business.

Most likely, he'll pick one in his neighborhood that's as friendly as it is helpful and experienced. Yes, competition keeps banks on their toes, too!

The humanness of a bank is important to each individual customer who banks there. But the job that commercial banks do is important to the entire nation. For, under our American system of competitive enterprise, when money goes to work, people do too.

In this way, banks help to maintain and strengthen this country's economy.

Chase National Bank is proud of the part it is playing in American progress.

#### The CHASE National Bank

OF THE CITY OF NEW YORK (Member Federal Deposit Insurance Corporation)





Any Stapler made by ACE gives you a better, more dependable machine. There's a rugged ACE model at whatever price you wish to pay. Ask about stronger ACE Sta-ples and the efficient ACE Staple Remover, too! ACE Stapling Equipment is recognized everywhere as the "World's Finest".

SOLD THRU LEADING STATIONERS



#### CAREFUL COMPARISON ASSURES BETTER HEATING



### EXTRA SAFETY

Should a gas valve stick open, this exclusive Janitrol overheat control starts the blower fan, getting rid of excess heat before it can cause damage to the unit.

This is but one of many advanced



design features that make lanitrol equipment the first choice of men "who know heating best."

SURFACE COMBUSTION CORPORATION, Toledo, Ohio

# Ask Your Dealer To Show You | Alexander Smith Recuperates

Poor showing of Sloane-Blabon set carpetmaker back on its heels, but sale of hard-surface unit should give Smith its second wind.

Alexander Smith, Inc.-one of the nation's biggest wool carpet and rug manufacturers-zigged when it should

have zagged.

That was the conclusion reached by the Smith top command last month when it reviewed its costly nine-year effort to establish the \$23-million Sloane-Blabon Corp. as a profitable unit in the hard-surface floor covering field. And that's why Smith decided to sell Sloane-Blabon to a hard-surface competitor, Congoleum-Nairn.

· Disappointing-Sloane-Blabon, purchased by the 108-year-old Smith company in 1944 to extend its output into linoleum, felt-bases, and plastic floor coverings, didn't blossom as expected. It remained a poor third to prosperous Armstrong Cork and Congoleum-Nairn in the hard-surface industry. Moreover, it had rolled up losses of \$6.6-million since 1948.

Meantime, Alexander Smith was hard pressed for funds. Money was needed for expansion and renovation projects in the soft floor covering end,

and for going needs.

• Pinched-As a result of its move into the hard-surface business and the 1951-1952 slump in carpeting sales, Smith eventually found itself in a rather restricted position. At the close of 1952 it had outstanding \$9-million of bank loans plus \$17.3-million of longterm notes. If sale of Sloane-Blabon had not gone through, Smith would have had to borrow another substantial block of new money.

So last week Alexander Smith sold the assets of Sloane-Blabon to competing Congoleum-Nairn for \$10.2-million, a figure equal to less than 45¢ on the dollar of the \$23-million Sloanc-

Blabon book value.

• Easing Up-The sale, it appeared, will help Smith three ways:

· In completing the placing of \$10.8-million of machinery and other installations in its new \$4.8-million plant at Greenville, Miss., which is to go into full-scale operation in July.

• In a \$1.7-million renovation of its Yonkers (N. Y.) mill.

· In adding substantially to working capital. After the sale, there will be "some reduction" of present bank loans, and over-all working capital will be sufficient for all needs now in sight.

The Greenville plant, incidentally, is being built for Smith by that city, and, of course, is a tax-exempt edifice. Its construction was financed by industrial bonds issued by the city. Under Smith's lease, its rental payments are relied upon to amortize the bonds over a 25-year period.

• No Panacea-Dropping Sloane-Blabon will not, by itself, end financial difficulties that have plagued the company since demand for carpeting went into a 16-month eclipse in the spring

However, in the opinion of James M. Elliott. 54-year-old administrative vicepresident and treasurer who became president last month, it will be a step

in the right direction.

Elliott's elevation climaxed a series of changes in top executive personnel, and is expected to bring more changes throughout the administrative echelon.

. In the Same Boat-Not only Smith, but most of the carpet and rug industry encountered rough going in most of 1950-1952. Only since last autumn has the picture been getting brighter.

In 1950, the average price of carpet wools, spurred by Korean war scare buying, soared from 65¢ a pound to \$1.65. A further upsweep in the first 1951 quarter carried the price to a peak of \$2.35, more than five times the average price in 1947.

Labor costs too, zoomed to record

levels.

· Near Strikeout-To match rising costs, Smith and other companies boosted the level of wool carpeting and rugs by 45% during 1950. There was some resistance by consumers, but 1950 sales remained good.

In March, 1951, however, Smith boosted carpet prices 15% more.

What happened thereafter wasn't good reading for shareholders. Demand from buyers dried up. Carpet wool prices tumbled from \$2.35 to around 75¢ a pound. At all levels of distribution, sellers were caught with high inventories of carpets made with \$1.75 to \$2 wool.

Only labor strikes last June, July, and August, plus drastic price markdowns, enabled Smith and its distributors to move out surplus inventory.

• Too High-A lot of reasons have been given for the sale collapse.

But high prices cannot be eliminated as a factor. Many families bought cotton rugs, and other less expensive floor coverings, and many builders made greater use of linoleum and plastic floor coverings in new small homes.

• Poor Distribution-Elliott blames the inability of his company to get Sloanc-



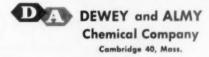
### New backbone for batteries

Now battery manufacturers can give you a more dependable battery at no increase in price. Its extra stamina comes from a new type of battery separator made from a plastic-impregnated fibrous material that insulates the positive and negative plates. Road-tested in big-city taxis and on race track proving grounds, these DARAK separators outlasted wood separators in every case.

DARAK separators withstand hot acid action and oxidation. They are free from knots and the natural imperfections and weaknesses that cause wood separators to char, crack or split. For battery manufacturers, they reduce inventory and handling problems because DARAK separators can be shipped dry, stored dry indefinitely. For the owners of the hundreds of thousands of batteries with DARAK separators now in commercial use, they are providing more dependable starting power, day in and day out.

Developing these new plastic-impregnated separators is just one of the ways that Dewey and Almy serves industry and you. Other Dewey and Almy products include adhesives and CRY · O · RAP bags for food packaging, shoe materials, sealing compounds, products for the construction industry, giant balloons that help forecast the weather, organic chemicals, textile printing products, and soda lime.

For full details about batteries made with DARAK separators, write today.



Plants and sales offices throughout the world

# MEMO

TO: Management Committee

FROM: Safety Engineer

RE: Dangerous conditions in electrical system.

The safety of all plant employees is my responsibility. It involves continual check-up on all facilities which could contribute to dangerous conditions.

In the past few years, many steps have been taken to improve the physical plant and we have generally improved the safety record by enforcing greater use of safety devices on machines and tools.

However, we have recently had several near accidents which could have produced fatalities, caused by overloading electrical equipment. Investigation has brought to light several other hazards caused by obsolete electrical equipment. Poor lighting has apparently contributed to a number of accidents to personnel as well

I recommend that a study be made at once to determine the cost and benefits of complete modernization of our electrical system throughout the plant. Preliminary consultation with our electrical engineer indicates that the cost of this modernization would probably be self-liquidating in terms of more efficient layout and reduction of down time

S E.



Blabon into a paying basis in the past five years on the fact that distribution organization for soft and hard-surface floor coverings are entirely different. The company was unable to build up the distribution of Sloane-Blabon products to a point where it could produce on a break-even or better basis.

Last year Smith had a net loss of around \$3.5-million; Sloane-Blabon accounted for \$1.7-million of it. In 1951 a small profit earned by Smith was more than wiped out by a loss of at least \$2-million by Sloane-Blabon.

At that point, Smith had two choices:

It was either sell more debentures or sell Sloane-Blabon, said Elliott.

• A Beginning—In addition to selling its hard-surface floor covering unit and renovating the Yonkers plant, Smith has the following steps in mind to further improve its earning position:

• The company, beginning immediately, will drastically reorganize its elaborate distribution and service setup. It will reduce the number of warehouses from 19 to either nine or 10. This will save the company around \$650,000 annually. In addition, it will free between \$1-million and \$1.5-million in inventories formerly warehoused in the 19 spots. This step will be completed by October.

• Some time in July, the company will put its Greenville mill into full operation. That will augment its line with wool carpeting produced by one of the most efficient, if not the most efficient, mills in the country.

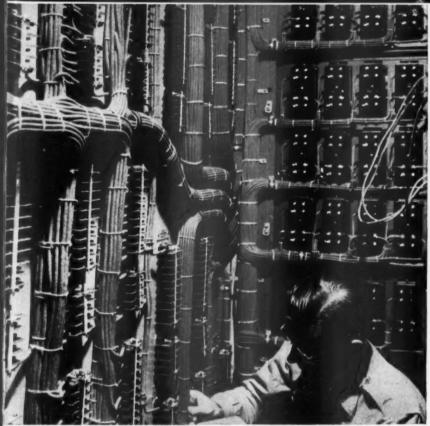
• The company is terminating its selling contract with C. H. Masland & Sons at the end of this month. Smith has been selling both cotton and Wilton rugs for the Masland company. Beginning July 1, Smith will sell cotton rugs manufactured for it by a leading cotton rug producer. Sale of cotton rugs in recent years has been the sharpest expanding section of the floor covering business.

 Waiting—Elliott thinks Smith will be money ahead with others making cotton rugs for it under contract rather than building its own cotton rug manufacturing facilities at present.

"Within two years, the machinery now making cotton rugs will be obsolete," says Elliott. "Until such machinery has been perfected and stabilized, Smith will distribute cotton carpets and rugs made for it under contract."

• What's Ahead?—The outlook for Alexander Smith stockholders is still hazy. There have been no common dividends since 1951, and under the terms of the long-term notes, no common dividends may be declared until earnings since Jan. 1, 1953, total approximately \$11-million. Preferred dividends can only be paid when earned fully.

# Only STEEL can do so many jobs so well



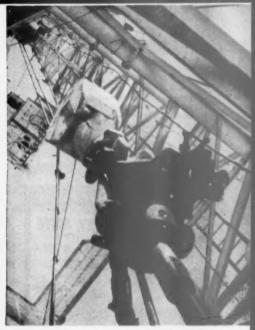


Inside Information. The growing popularity of steel windows . . . and especially of the picture-window type like this . . . is explained by the ladies very simply: they say they like the way these windows bring the view indoors; they like their weather-tightness, their slender lines; and they like their ease of cleaning from inside the house. Only steel can do so many jobs so well.

Power for the People. No doubt about it, America is lucky to have such a generous supply of electric power... for electricity contributes enormously to the health, comfort and convenience of all of us. U. S. Steel helps to provide electricity for better living by manufacturing products like U.S.S Amerbestos Wire, here being used in the generacing station switchboard of one of the nation's largest electric utility companies.



This trade-mark is your guide to quality steel



9½ Miles of Hole... and Still Going Strong! The American Tiger Brand Rotary Line with which this "Oilwell" No. 76 rig is strung, has already been used in the drilling of 7 oil wells for a total of 49,700 feet of "hole." In the oilfields, the products of United States Steel are favorites, because they give longer service with less trouble.



How to use Tape without Getting Stuck. Easy. Just use the handy dispenser that comes with it! Scores of drug and grocery items these days come to you with ingenious dispensing devices built into them: like pressure cans for shaving cream, boudoir covers for cleansers, shut-off spouts for honey containers. Many of these devices are made of steel in the form of tin-plate (1% tin, 99% steel!).

# UNITED STATES STEEL

Little 18 ..., The Theatre Suild set the Air, presented every Sunday evening by United States Steel, National Broadcasting Company, coast-to-coast network. Consult your newspaper for time and station.

AMERICAN BRIDGE...AMERICAN STEEL & WIRE and CYCLONE FENCE...COLUMBIA-GENEVA STEEL...CONSOLIDATED WESTERN STEEL...GERRARD STEEL STRAPPING...NATIONAL TUBE
OIL WELL SUPPLY...TENNESSEE COAL & IRON...UNITED STATES STEEL PRODUCTS...UNITED STATES STEEL SUPPLY...Division of UNITED STATES STEEL CORPORATION, PITTSBURGIN
GUNNISON HOMES, INC. • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNIVERSAL ATLAS CEMENT COMPANY
2-836



#### DIVIDEND ON COMMON STOCK

The Directors of Chrysler Corporation have declared a dividend of one dollar and fifty cents (\$1.50) per share on the outstanding common stock, payable June 12, 1953 to stockholders of record at the close of business May 18, 1953.

> B. E. HUTCHINSON Chairman, Finance Committee





Specializing in low-crist tools, close tolerances, bost deliveries.

DAYTON ROGERS Manufacturing Company

2835 13th Ave. S.

Minneapolis 7, Minn.



See Clues on page 178

# THE MARKETS

COMMOD	ITIES: Price	Trend	Since	Korea	

				% CHANGE FROM		
	PRE-KOREA	KOREA HIGH	NOW	KOREA HIGH	PRE-KOREA	
Burlap (yd.)	\$0.164	\$0.34	\$0.12	-64.7	-26.8	
Butter (lb.)	.599	.85	.651	-23.4	+ 8.7	
Cocoe (lb.)	.325	.444	.334	-24.8	+ 2.8	
Coffee (lb.)	.485	.60	.552	- 8.0	+13.8	
Copper (lb.)	.225	.39	.30	- 6.3	+33.3	
Com (bu.)	1.51	1.981/2	1.60	-19.4	+ 6.0	
Cotton (lb.)	.338	.458	.333	-24.0	- 1.5	
Hides (lb.)	.258	.435	.192	-55.9	-25.6	
Hogs (cwt.)	20.75	24.50	24.50	0.0	+18.1	
Lard (lb.)	.109	.20	.106	-47.0	- 2.8	
Lead (lb.)	.11	.19	.125	-34.2	+13.6	
Rubber (lb.)	.282	.875	.25	-71.4	-11.3	
Steel Scrap (ton)	37.50	42.50	36.50	-14.1	- 2.7	
Steers (cwt.)	30.00	37.37	21.871/2	-41.5	-27.1	
Sugar (lb.)	.058	.068	.0635	- 6.6	+ 9.5	
Tallow (lb.)	.048	.182	.04	-78.0	-16.7	
Tin (lb.)	.764	1.83	.965	-47.3	+26.3	
Wheat (bu.)	2.15	2.55	2.35	- 7.8	+ 9.3	
Wool Tops (lb.)	2.00	4.35	2.00	-54.0	0.0	
Zinc (lb.)	.15	.19	.111/2	-39.5	-23.3	

—Domestically Mined. Data: Bureau of Lobar Statistics, Engineering & Mining Journal.

# End of the Price Slide?

Many staples show signs of firming after the long slide from the post-Korea peaks. Inflationary run-up has already been chipped out of cash prices.

Have commodity prices generally reached a resting place following the long decline from the peaks reached on the run-up after the outbreak of the Korean war?

For around two and one-half months now, basic staples-particularly foods-have been backing away from further retreat, with many showing firming tendencies. And, more recently, primary metals have looked a little better. Below their 1953 highs, yet above

the year's lows are corn, wheat, cotton, butter, cocoa, coffee, sugar, lard, copper, lead, tin, zinc, rubber, and hides. Hogs have been strong, and steers

finally have steadied.

In the metals sector, lead was marked up te on Monday, and another te on Tuesday.

• Run-Up-This much, at least, can be

The inflationary run-up following the

Korean outbreak now has been whittled completely out of cash prices.

The daily index of spot commodity prices (1947-49=100) compiled by the Bureau of Labor Statistics now stands at 88.3, or 1.1% under the average of 89.3 for June, 1950, the month in which the Korean war started.

In February, 1951-when "scare buying" pushed prices highest-the index at 135.1 was 51.3% above the pre-Korean level.

There is a story behind each individual commodity, as far as price trends are concerned. Take tin. It bounced upward in late April and early May of this year when the Laotian invasion put a new threat on Far Eastern supply lines, then tilted back downward when the threat subsided.

Rubber, too, advanced and retreated on the Laotian invasion threat, but to a lesser degree, for the price of U.S.-

made synthetic rubber tends to take the peaks out of price fluctuations in the natural product.

• Activity High—Over-all, however, keep this in mind: the big factor in commodity prices—domestic business activity—is favorable.

Copper use-and prices-are influ-

enced by the volume of business in electrical equipment and appliances. As much as one-quarter of all the lead we consume goes into automobile storage batteries. With employment at record levels for this season, high retail sales volume—particularly in foods—is being recorded.

### The "Election Market": A Sampling

	t Pre-	Subse-			
	Election	quent	Recent	"Election Ma	
Common Stock	Level	High	Level	Maximum	Now
Allied Chemical & Dye	\$70 37	\$77.87	\$67.62	10.7%	- 3.9%
Allied Stores	36.12	\$40.62	38.62	12.5	6.9
Aluminum Co	39.00	#49.75	45.50	27.6	16.7
Amerada Petroleum	185.00	194 00	167.00	4.9	- 9.7
American Can	30.50	\$37.37	37.25	22.5	22.1
American Locomotive	17.75	20.37	16.12	14.8	- 9.2
American Smelting & Refining	39.00	44.00	35.50	12.8	- 9.0
American Tobacco	55.62	#74.75	73.50	34.4	32.1
American Viscose	58.00	62.75	46.00	8.2	-20.7
Anaconda Copper	38.00	45.75	38.00	20.4	
Armstrong Cork	47.00	54.50	53.00	16.0	12.8
Bethlehem Steel	46.62	#57.75	51.50	23.9	10.5
Bristol-Myers	24.50	26.62	21.00	8.7	-14.3
Burlington Mills	15.00	17.37	12.87	15.8	-14.2
Chrysler Corp	79.62	#98.00	77.37	23.1	- 2.8
Cities Service	89.12	96.25	83.50	8.0	- 6.3
Continental Oil	56 50	65.75	56.00	16.4	- 0.9
Deere & Co	28 75	32 12	27.00	11.7	- 6.1
Devoe & Reynolds	20.75	24.25	22.50	16.9	8.4
Diamond Alkali	29.75	34.37	27.50	15.5	- 7.6
Diamond Match	43.75	43.75	33.25		-24.0
Dow Chemical	36.50	#44.25	37.37	21.2	2.4
E. I. du Pont de Nemours	82 75	#100.25	97.37	21.1	17.7
Food Machinery	38.37	44.25	37.12	15.3	- 3.3
General Electric	60.62	#74.75	74.75	23,3	23.3
General Foods	48.75	#56.00	55.00	14.9	12.8
General Motors	58.00	269.75	62.25	20.3	7.3
Goodyear Tire & Rubber	41.12	\$59.00	53.25	43.5	29.5
Homestake Mining	35.75	#41.37	39.00	15.7	9.1
Hudson Motor	15.12	#17.25	13.87	14.1	- 8.3
International Harvester	29.87	33.37	29.62	11.7	- 0.8
International Nickel	42.62	47.62	40.75	11.8	- 4.4
Johns-Manville	71.50	75.00	65.50	4.9	- 8.4
Kimberly-Clark	45.50	50.75	40.75	11.5	-10.4
Loew's, Inc	11.50	14.37	12.50	25.0	8.7
Masonite Corp	21.62	26.37	20.75	22.0	- 4.0
May Department Stores	30,25	32.87	29.87	8.7	- 1.3 12.9
Mead Corp	23.25	28.00	26.25	20.4	
Merck & Co	22.00 55.50	28.37 65.50	21.75 61.75	29.0 18.0	- 1.1 11.3
National Distillers	19.50	23.50	18.50	20.5	- 5.1
Pacific Mills	24.50	30.00	26.50	22.4	8.2
Chas. Pfizer	30.25	35.50	29.00	17.4	- 4.1
Rayonier	31.37	#37 00	28.37	17.9	- 9.6
Safeway Stores	29.75	#36 . 25	35.75	21.8	20.2
Sears, Roebuck	56.87	62.37	58.75	9.7	3.3
Standard Oil (N. J.)	72.00	78.62	70.25	9.2	- 2.4
Swift & Co	30.37	#39.75	38.25	30.9	25.9
Texas Gulf Sulphur	101.00	111.62	95.00	10.5	- 5.9
Twentieth Century-Pox	10.50	19.25	16.12	83,3	53.5
Union Carbide & Carbon	61.37	#72.87	67.50	18.7	10.0
United Aircraft	33.25	#40.25	39.12	21.1	17.7
United States Rubber	22.12	#31.25	28.25	41.3	27.7
United States Steel	37.12	#44.12	39.25	18.9	5.7
Westinghouse Electric	40.12	#50.00	46.25	24.6	15.3

\* October 1952 lows. # New 1952-53 high.



# Flexi-Speed Drive!

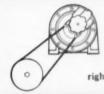
### Controlled From Any Position

Speed control handwheel may be located in 8 positions per-



pendicular or parallel to motor shaft.

#### Drives In Any Direction



360° around motor shaft. Ideal for driving to in-line or right angle reducers.

#### 8:1 Speed Range

May be used with any standard ball-bearing, foot-mounted motor of ½, ¼ or 1 hp.

#### Low Cost



This versatile variable speed drive assures maxi-

mum production, efficiency and economy from your machines. Write today for details. Specify Dept. 27.

REEVES PULLEY COMPANY . COLUMBUS, IND.

REEVES
Variable Speed Drives



### Overflow Airport

WASHINGTON, D. C.—National Airport, just across the Potomac River in Virginia, is the third busiest in the country (after Chicago's Midway and New York's LaGuardia). Increasing traffic is causing more and more delays there; if traffic picks up the expected 10% to 15% by fall, schedules are likely to go completely to pot.

So, next Wednesday, representatives of some of the major airlines that serve Washington will meet with F. B. Lee, head of the Civil Aeronautics Administration, to talk over the possibility and practicality of shifting some flights to Andrews Field, an Air Force base in Maryland, southeast of the city.

Until recently, Andrews had a jet interceptor group designed to protect the city from possible air attack. But the jets have been transferred, and only the Military Air Transport Service and some Air National Guard units remain on the base. Hence, present military traffic is light.

• Dissent—Nevertheless, the Air Force is expected to oppose the idea. It says joint civilian-military operations have been proved unsuitable every time they've ever been tried. If the airlines approve, however, President Eisenhower will probably order the Air Force to work out a joint agreement.

But the airlines aren't likely to be happy about joint operations either. In Chicago last winter, when the Air Force agreed to let the airlines use its O'Hare Field to relieve congestion at Midway, the lines refused to schedule any flights into or out of the field as long as the military was still using it (BW-Dcc. 27'52,p72).

• Vision—The latest plan to use Andrews came from the Commerce Dept., after the Administration's economy drive had shelved plans for a brandnew second airport in Virginia. The new plan envisions spending \$24-million at Andrews for a terminal building, new runways, and the like (compared with the \$38-million the Virginia field was to have cost). If the plan goes through, long-distance flights will probably be shifted to Andrews, while the shorter runs will stay at National.

#### **Emergency Ended**

DALLAS—The water supply situation here has made a dramatic turnaround. Less than a month ago, the City Council adopted a new set of stringent water-use rules to combat the persistent drought (BW—Apr.25'53, p134). This week, Lake Dallas, the city's principal reservoir, reached the

# The EXPOSITION of BASIC MATERIALS for INDUSTRY

Here, at last, is the event that's been dreamed of by every man involved in the planning, design, development, production and marketing of his company's products. Here is the never-before opportunity to see and compare all the basic materials in one place, under one roof, at one time.

In the Basic Materials Exposition you can chart a sure course through the maze of technical data created by the flood of great new developments in basic materials for industry.

You can talk to the country's top materials experts.

You can study the latest applications of materials new and old.

 You can pick up new ideas that will spark new product design and product improvements, lower costs, boost sales.

The Exposition of Basic Materials for Industry has been developed for you – product and materials engineers, product development executives, research and production executives, sales and marketing specialists, product designers, top executives. Plan now to attend. Write for tickets and complete details.

JUNE 15-19 1953 GRAND CENTRAI PALACE NEW YORK

#### HERE'S WHAT YOU WILL SEE:

Metals • Plastics
Rubber • Other non-metallics

Cast forms
Press-formed parts

Forged forms

Molded non-metallics

Screw machine parts

Weldments · Finishes

Fasteners · Laminations

#### NATIONAL MATERIALS CONFERENCE

A comprehensive conference on materials reaching into every critical phase of materials selection, product design and engineering will be held concurrently with the exposition. Top experts from major industries will lead conference sessions.



# "Salesmen can't carry big machinery-but light compact Stereo-Realist kits hold the complete line"

RICHARD R. BRANGAN, advertising manager National Automatic Tool Company Inc.

HEAVY machinery manufacturers have the ideal solution for their sales promotion problems in the Stereo-REALIST Camera. Short of the actual product itself, REALIST pictures can't be beat for true-to-life realism. For the REALIST exactly duplicates what you see with your eyes - in full, natural color and life-like three dimensions,

What's more, REALIST sales kits consisting of slides and a viewer weigh only 40 ounces. Small wonder that salesmen like them! And they also appreciate the impact that REALIST pictures have on their customers, the

attention they gain, and the lasting impression they leave.

Sales managers the nation over have proclaimed the REALIST to be "the world's finest visual selling tool." The variety of its applications is universal. Investigate the possibilities of its use in your field. If you haven't seen REALIST pictures, ask your camera dealer to show you some. Or for free, informative folder write: DAVID WHITE COMPANY, 383 W. Court Street, Milwaukee 12, Wisconsin.



Matched, cooted 35mm f.3.5 lenses . . locked in place on solid lens beard . . . internal focusing with film plane . . shutters electronically tested for perfect color . synchronized for flash . . contrared view-finder . . splitimage range finder . . splitimage range finder . double-exposure preventive... depth of field and hyperfocal scale...full year warranty.

\$159.00

The camera that "sees"-in 3 dimensions-the same as you

Cameras, Viewers, Projectors, and Accessories are products of the David White Company, Milwaukee 12, Wisconsin.

highest level in two years; and the rainswollen Trinity River was nearing flood stage. (Levees protect the city to well above flood stage, however.)

As a result, restrictions on water use are being suspended from week to week; City Manager E. E. Crull says they may be lifted permanently if Lake Dallas rises much further. But he cautions that the level today is only slightly above last June's peak-and "even with that amount we were almost out of water by October."

· Plans-Immediately after the first heavy rains fell, late last month, the council happily shelved its controversial plans to tap the West Fork of the Trinity (BW-Mar.7'53,p111). Some contracts had already been let; they will be paid off. But the city will go ahead with plans to augment the water supply by tapping the Red River, 70 mi. away.

#### Lone Wolf

FLINT, MICH.-Like virtually every other manufacturer in Michigan, Buick is suffering from the labor shortage (BW-Apr.4'53,p96). The problem has become even worse in the last couple of weeks as thousands of seasonal workers quit the factories to return to

their summer chores.

• Hunting Ground-When similar shortages hit during World War II, the auto companies found the South to be a happy hunting ground for new workers. This year, however, most of the companies have found that labor recruiting in the South doesn't pay. So they have dropped their own recruiting efforts, both in the South and elsewhere, and, mostly, turned the job over to state and local employment services.

Not Buick. It figured that with the others dropping out, thus cutting the competition for workers, the effort might prove rewarding. So last February it began running newspaper advertisements-starting in Michigan, then working its way gradually southward. Today it runs large ads weekly in 64 cities in 11 states, mostly southern. So far, Buick says, they've been producing nicely.

Update

JERSEY CITY-This city's controversial new taxes on business (BW-Nov.15'52,p113) were declared unconstitutional this week by the New Jersey Supreme Court. The taxes were in the form of licenses on all retail, wholesale, and manufacturing businesses, and levied varying amounts on both their gross receipts and their payrolls. The court held that such taxes could not be levied without special enabling legislation from the state, and that the licensing power can never be used for revenue alone.

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# INTERNATIONAL OUTLOOK

BUSINESS WEEK MAY 23, 1953



Don't underestimate the possibility that Big Four talks will be held by the end of the year. It hinges on whether the Communists agree to a truce in Korea.

Given a truce, Western Europe would probably put severe pressure on the U. S. to agree to a meeting of British, American, Russian, and French leaders. Sir Winston Churchill's proposal for a meeting last week thoroughly captured the European imagination.

True, Washington has said no Big Four talks without both a Korean truce and an Austrian peace treaty. But it might be hard to hold firmly to that line.

If a Big Four meeting comes off, hopes for an East-West settlement would sweep the Western world like a prairie fire.

But you can be sure that President Eisenhower would go into such talks with fingers crossed. He doesn't share Churchill's optimism about that kind of approach to Moscow.

Even the most optimistic U.S. officials don't count on the Soviet moves producing anything more than a temporary clearing in the international atmosphere.

They just don't think Moscow and Peking are ready for general settlement on terms the West could buy.

And that's assuming our own policy is clear-cut and assured. The mere mention of Communist China getting into the U. N. after a truce was enough to produce a promise of a Congressional resolution: that we should pull out of the U. N. rather than stomach Peking membership.

There's a real danger that Big Four talks would sap the defense buildup in Western Europe.

Suppose they should come before the European army plan is ratified. Then a meeting that was merely friendly, even if basically fruitless, would probably kill off any chance of French ratification (page 144).

But the immediate problem is a Korean truce. You can expect the U. N. command to make some concessions to the Communists on the prisoner issue when talks resume Monday.

Our offer will be much closer to the Indian resolution voted by the U. N. last December. That called for turning over to the world organization the final disposition of Communist prisoners unwilling to go home.

Washington has been alarmed over growing Allied criticism of our handling of the truce negotiations.

The danger in leaving the fate of prisoners to the U.N. is that it might vote to hand them back to the Reds in order to forestall a renewed Korean war.

That would precipitate an angry break between the U. S. and our U. N. allies. So the U. S. will insist on guarantees that no prisoner is repatriated against his will.

Of course, there's still no guarantee that the Chinese would accept the prisoner settlement laid down in the Indian resolution. They turned it down savagely once before.

### INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK MAY 23, 1953 Look for a changing U. S. attitude toward Israel as a result of Secretary Dulles' Middle East tour.

Dulles was shocked by the depth of Arab fear and hatred of the Israelis. Arab statesmen laid it on the line that there could be no Middle East defense setup without an easing of Arab-Israeli bitterness.

It may be that Dulles will try to coax Tel Aviv to abide by several United Nations resolutions, involving water rights and Jerusalem, for example. Or he may seek to rejigger the distribution of aid payments between the Arabs and Israel.

The French government of Premier Rene Mayer may fall in a confidence vote this week or next.

France is heading into another battle with inflation. Unions are making stiff wage demands. The foreign trade deficit continues heavy, with eventual devaluation almost inevitable.

The budget deficit this year is estimated at over \$2-billion. And the measures Mayer is proposing would cover only \$350-million of the gap.

The best hope that Mayer will survive is the fact that no other French politicos want to take over the hot seat. Even ex-Premier Pinay, mentioned as the man for the job, tells friends he won't accept.

The first batch of stock of the British nationalized steel companies goes to market in London soon. The Iron and Steel Bill, releasing the industry from state ownership but retaining a "supervision board," became law last week.

Preparations are concluded with banks, insurance companies, and investment houses to take up a major part of the first offering. It may involve between \$100-million and \$200-million of total state holdings of about \$600-million.

Private investors are cautiously hopeful—thanks largely to the attitude of the trade unions. The latter say they won't support a Labor Party threat to renationalize steel when and if it regains power.

Preoccupation with U.S. trade policy is dominating this week's International Chamber of Commerce conference in Vienna.

A strong U.S. delegation is trying to soothe European fears about rising U.S. trade barriers. Some of our businessmen there insist that the long-term trend in the U.S. is toward liberalizing trade.

But they warn it will take time.

There's a feeling of urgency in Vienna.

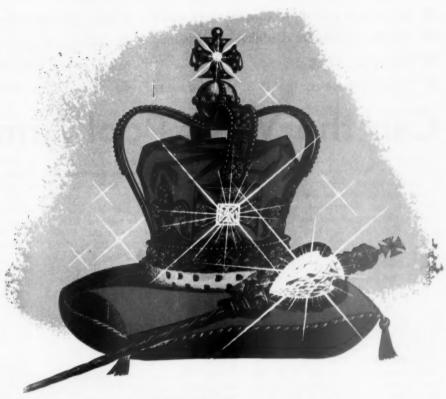
Businessmen are worried about the near-term world trade outlook. One U.S. delegate, an economist, saw the possibility of a "major crisis of international payments" on the horizon.

The Communists are trying hard to get into the Vienna act. Several Russians crashed the meetings, and the Vienna Red newspaper complains that the ICC didn't invite anybody from the Soviet bloc.

That's another straw in the peaceful trade winds now blowing from Moscow (BW-May9'53,p166).

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# A Mountain of Light, and a Star

When the royal crown is placed upon a British monarch's head, the soft lights of Westminster Abbey dance upon some of the most beautiful jewels in existence, including two of the world's greatest diamonds—the Koh-i-noor and the Great Star of Africa.

The Koh-i-noor, or "Mountain of Light," was found four thousand years ago in the legendary diamond fields of the King of Golconda. War, conquest, torture, theft, assassination and barter brought it to princes, moguls, shahs and rajahs, and brought tragedy, too, so the legend says, except when it was worn by a woman. Originally it weighed 800 carats, but cutting has reduced it to 106½ and greatly increased its beauty. It adorns the front of the Queen's crown.

The Great Star of Africa, set into the top of the royal scepter, weighs 516½ carats and is the largest cut diamond in the world. The original stone weighed 3,025 carats (about a pound and a half) and although it was the largest diamond ever found, was, obviously, but part of a much larger stone, still undiscovered.

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## BUSINESS ABROAD

- Soviet soft talk or a Korean truce could kill off the European Defense Community by fall.
- If that happens, the U.S. will have to And so, it's an open question . . .

dream up a new plan for Western defense.

- But Germany's stamp of approval has raised a new glimmer of hope.

# Can the West Pool Armies

During the past few months, it looked as if Washington's grand plan for the European Defense Community -pooling six national armies for the defense of the West-was hopelessly stalled. The sense of urgency that gave it birth had vanished. Many a Frenchman and West German put the feeling into words something like this: "Russia won't go to war for a good many years, if ever. By pushing EDC, you Americans are beating a dead horse.

Then, last week, the upper house of the German parliament joined the lower house to approve German participation in EDC. Allied planners caught a glimmer of hope: Though EDC was undoubtedly sickly, it showed signs of life.
• No Other Way-For the U.S., the

issue is crucial. The Administration believes that the defense of Europe is essential to the defense of the U.S. Europe can't be defended without German troops. EDC is the only politically feasible way of getting them. Our entire Western European policy is based on EDC as the strong right arm to the North Atlantic Treaty Organization. And by Washington's own admission, no alternative policy is even on the drawing boards.

If EDC fails, U.S. foreign policy will have to be revised, and NATO reshuffled. At the recent NATO meeting in Paris, Secretary of State Dulles said that in just so many words.

• Less Tension-Time and events have brought EDC to its present low estate. Two years ago, the member parliaments in Bonn, Paris, Rome, The Hague, Brussels, and Luxembourg would have ratified the pact in a breeze. Europe was under the guns; Russian aggression appeared imminent. Then the Korean truce talks brought the feeling that perhaps there would be no war. French fears of a rearmed Germany submerged fear of Russia. EDC began to lose steam.

This year, Stalin's death and the subsequent peace hints from Moscow's new regime made relaxation easier. Last week, no less a statesman than Sir Winston Churchill made a major policy address without mention of EDC; indeed Churchill seemed to be thinking

of a truly independent Germany, at the center of a treaty system guaranteeing Russia against German attack as well

as vice versa (page 30).

• Two Views-Europeans are inclined to blame the U.S. in part for EDC's problems. They point out that Washington's policy in Europe has never regained the momentum lost during the 1952 election campaign and interregnum. They see Eisenhower, once the strong advocate of 100 divisions in Europe, hamstrung by "isolationism" in Congress. They worry about aid cuts, rising tariffs. They believe U.S. diplomats in their own countries are 'paralyzed" by the McCarthy investi-

The U.S., to be sure, doesn't quite see it that way. EDC is still essential, and Europeans may be chasing a will o' the wisp in counting on Soviet peace talk. This week, Gen. Matthew Ridgway told Congressional committeemen that in his opinion the military threat remained unchanged.

• In the Balance-The Administration, plainly, means to stick by the EDC. It may be planning a strong reaffir-mation of our EDC support, which might help check the general malaise abroad. But despite any new U.S. protestations or pressures, events in Europe could still combine to kill off EDC. Its future hangs on political imponderables in Germany and France, and-ultimately

-on Soviet policy.

In West Germany, Chancellor Ade-nauer has alternately bullied and wheedled his parliament to swallow EDC. Now both houses have ratified it. What remains is to get a clear-cut judicial ruling on whether the pact squares with Germany's constitution, and to have the Federal Republic President, Theodor Heuss, sign it. The Constitutional Court may not rule until after West Germany's general elections next September. Even if it does, and Heuss signs, German participation in EDC depends on the fall voting.

• Soft Words—If Adenauer can hold

the majority of Germans to his moderate, European-union policies, EDC will be signed and sealed in Bonn. But a victorious Socialist party, strongly opposed to EDC, would almost certainly scrap the essential parts of the pact.

Nor can you foresee how EDC will fare in France. Right now, the outlook is cloudy. Every month widens that gap between potential German and French strength and fans French fears of a rearmed Reich. Soft words from the Kremlin have fed hopes that German troops may not be necessary.

• Temperamental-More than that, any French government is committed to getting a settlement on the future of the Saar territory from Germany-before pushing ahead with EDC. Adenauer personally would be willing to pay a pretty high price in the Saar for French action on the European army. But his hands are tied by the approaching election campaign: One concession to the French view on the Saar and he'd be accused of selling Germany down the Rhine.

The present French government doesn't look as though it can last long. Observers in Paris bet 10 to 1 against a new government, say in November. mustering the strength to carry the National Assembly over the EDC hurdle. Former Premier Pinay, whose "save-thefranc" government captured the imagination of Frenchmen last year, is mentioned as one man who might do the job. But given the present temperament of French deputies, even Pinav might have to go back and fill.

• Pressure—Other potential European army members will be watching and waiting. Like Adenauer in Germany, Italy's Premier Alcide de Gasperi is running on an EDC-European union plank in June elections. His defeat, while it doesn't seem likely, might well doom EDC as far as Italy is concerned.

According to one experienced German observer, the "only thing that can revive EDC now is renewed Russian pressure." He adds that "it's beginning to look as if they're too shrewd to fall into that trap now.

• In Reserve-A Soviet offer for German unification talks and an end to the cold war in Europe, if, after probing, seemed sincere, might be a deathblow

to EDC. The U.S., looking for deeds and not words from Moscow, doubts that the new regime would dare seriously enter negotiations over Germany. In this view, the present peace offensive may delay EDC but not kill it.

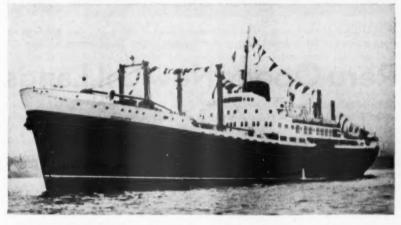
The Soviets have another weapon in their armory, now being oiled up. They're proposing a new look at East-West trade—which appears to many Western Europeans as economic salvation (BW-May9'53,p166).

• The Aces—There's no question that the Soviets hold high cards in their game to block German rearmament. They may play them. You can't discount the possibility that, by fall, EDC may be a dead issue.

The U.S. says officially that there's

no alternative: Germany must participate in the common defense. Theoretically, of course, the West might be able to divorce the German peace treaty—the so-called "contractual agreements"—from the European army pact, get it ratified separately. Then, it could bring a free and rearming Germany under the NATO roof. NATO members have a veto, and it's inconceivable in the foreseeable future for France to agree.

There's always blunt pressure. The U.S. can exert an awful lot of it on France to buy EDC. If that's to no avail, there's another choice. Already, there's growing sentiment in the U.S. to rearm Germany unilaterally, despite what that might do to our alliances in Western Europe.



## A Visitor from Spain and . . .



## . An Ex-Flattop in New York

The transatlantic travel season is in full swing, and Spanish and Italian shippers are determined to get their share of the traffic. Last week, New York welcomed two newcomers. The M. V. Guadalupe (top), 14, 450 tons, is the first new Spanish passenger ship to visit New York in 25 years. She'll be joined by a sister ship in July. The

14,687-ton Roma (bottom), of the Lauro Lines, Naples, is no stranger to the U. S. She's a refurbished U. S. aircraft carrier, transformed into a yachtlike tourist-class vessel. The management promises good service: Under Lauro Lines' stock-ownership scheme, every crewman owns a piece of the ship.

# what's the cure

## "ingrown viewpoint"?

Perhaps you've heard something like this said in your own organization—"That may work all right for X-Company, but it just doesn't fit our set-up"!

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Rubber and Chemical	s.		0		0	144
Stone, Clay and Glass		0	0		0	81
Iron and Steel Produc	ts	0	0	0	0	630
Electrical Equipment		0	0	0		199
Machinery		0		0		244
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NORTHERN COAST, near Talara, has produced most of Peru's oil. Now new fields are being explored in the Sechura Desert and the Amazon jungle. So oil experts watch as . . .

# Peru Opens New Oil Lands

Peru has just opened a big chunk of its offshore oil lands to bids from domestic companies; in six months U. S. and other foreign companies will be let in on the deal. That's the latest step in the Andean republic's campaign to up its declining oil production through private operations.

The first step in this direction was taken a year ago March when a new oil law was passed at Lima. This opened up the Sechura Desert and the Amazon area east of the Andes to 40-year exploitation concessions and five-year exploration concessions by national and foreign oil companies, with the Peruvian government to get 50% of the net profits.

Previously both areas had been part of the public domain. No oil had been produced in the Sechura Desert and very little (1% of Peru's total) in the Amazon, despite the fact that surveys had indicated extensive deposits especially in the Amazon region.

• Three Months—Bidding under the new law got under way last August. For a three-month period it was limited to Peruvian firms. Then, in October, oil companies from overseas were permitted to make their bids. Since then 13 companies have been awarded concessions two Canadian, five Peruvian, six U.S.

The U.S. companies are International Petroleum Co., Ltd., a Standard Oil (N. J.) subsidiary; Texas Gulf Producing Co., which bought a controlling interest in Ganso Azul, a Peruvian company, and took over its concessions; Peruvian Gulf Oil Co.; the independent Peruvian Oil Concessions Co.; Richmond Oil Co. (Peru), a Standard of California subsidiary; and Conorado Petroleum Co., a subsidiary of Continental Oil Co., the Ohio Oil Co., and Amerada Petroleum Corp.

Another U.S. company—the Texas Co.—has recently applied for an exploration concession of over 2-million acres in the Amazon basin. Peru hasn't accepted the bid yet, but it's almost a sure bet that it will soon. In addition, Socony-Vacuum has set up a Peruvian subsidiary to look over the situation; and Union Oil Co. is sending out feelers.

• Concessions—The 13 companies already in the field have paid the Peruvian government over \$4-million for rights under the new law. Their concessions (including the one pending for Texas Co.) cover about 9.5-million acres. Geographically it's divided up about like this: 3.2-million acres for exploration and 900,000 acres for exploration in the Sechura Desert; 5.2-million acres for exploration and 140,000 acres for exploitation in the Amazon basin.

No offshore concessions have been awarded yet. The area extending 200 mi. along the northern coast and 200 mi. (the legal limit) out into the sea from the line of low tide was opened to bids by domestic companies only a few weeks ago. The Peruvian companies have limited resources and they have probably spent about all they can afford on inland concessions. Some off-

shore bids should be upcoming next winter, however, when U.S. companies get their chance: Douglas Oil Co. of California has already approached the Peruvian government, and a lot of others will probably follow suit. Geologists figure there's a good possibility that the marine shelf will prove highly productive.

• More Study—It is hard to tell just how much oil there is in the newly opened fields. The preliminary and rather sketchy surveys made before the new law were pretty favorable, but a lot of study remains to be done.

In all the new fields, development is in a preliminary stage. That's natural since most of the concessions weren't O.K.'d till after January, when an auction was held to settle overlapping claims. Gravimetric and seismic surveys are under way in only a few concessions in the Sechura. International Petroleum, Richmond, and Petroleura Peruana, S. A. (a Peruvian firm) are about the only ones that have made anything like an extensive survey.

To date there has been no drilling at all in the Sechura. International figures it will be able to start wildcat drilling there by the end of the year. The others will probably stand by and await the results. That might be a good idea, because International has been in Peruvian oil since 1914, has long been by far the biggest producer there. And its current operations at the Brea-Parinas deposits are just north of the Sechura, so it can move equipment into the area fairly easily and cheaply.

Even before drilling, most experts are betting there is plenty of oil in the Sechura. There's probably not enough for a boom, but certainly enough to increase Peru's output substantially.

• Long Shot-Even less expleratory work has been done in the Amazon area, which is probably a longer shot than the desert. The potentialities are much greater, but so are the risks. For the present, the area probably won't bring in so much oil as the desert. But in the long run if there's to be an oil boom at all, it will probably be in the Amazon. There's a lot more land there than in the Sechura; indications are there is also much more oil per acre.

The Amazon area has changed little since the Spaniards first paddled down that mighty river. Away from the few river towns such as Iquitos, there is deep tropical jungle that is ill-suited to economical oil production. It's expensive to get the oil out of the ground; there's no local market for it, and getting the oil to the coast for shipment elsewhere is a tough job. Because of this, Texas Co. and most of the companies that are going into the area figure they are investing in the future. The world supply of oil, unlike consumption, is certainly not unlimited. The

day might not be too far off when intensive production and a pipeline to the coast would pay off.

• Dwindling—Peru set up its new oil law for a very simple reason. The nation was the first and for a long time the leading oil producer in Latin America. Recently, through, production has been declining fast; in 1952 it was about 1-million bbl. less than in 1937. The once rich fields had depreciated, first gradually, then rapidly, while no new fields have been opened.

Oil was discovered in Peru in 1849 at La Brea, near the present city of Talara. Production got under way in 1863-just four years after Col. Drake drilled the first U.S. well at Titusville, Pa. The La Brea deposit and others nearby were very extensive and have been the backbone of Peruvian production ever since. Most of the area is now leased by International Petroleum, which took it over from British interests in 1914. The oil from its operations at La Brea-Parinas and adjoining deposits owned by International and the British Cia. Petrolera Lobitos made up better than 95% of the 16.4-million bbl. produced in Peru last year. But these deposits are all running low. Peru -to say nothing of International-decided that new fields must be opened.

President Odria's government realized that Peru lacked the capital for major development. As a result, a law was passed aimed specifically at encouraging foreign companies. Most U.S. oil men consider the law to be rather fair, giving Peruvian companies few advantages over outsiders. But they don't consider it perfect, and plenty of them will tell you what is wrong with it.

They point out that Peruvian companies get first shot at the best land, that they pay lower—but very slightly lower—taxes, and that five years is too short a term for an exploration concession. Still, they approve the law generally, finding it a refreshing deal in these days of nationalization.

Quite apart from the new law, the

The Pictures-Cover by Herb Kratovil. Robert J. Anderson 94-(bot. lt.); Associated Photographers - 150, 151; Cal-Pictures - 68 (top rt.), (ctr. lt.), (ctr. rt.); Bill Clinkscales 46; Richard Danforth -154; du Pont Photo-110 (top ctr.); Int. News-110 (ctr. rt.); Bob Iscar-82 (top); Herb Kratovil-82, 94 (top), (top rt.), 95 (top), 96 (top); Lens-Art-94 (bot. rt.) 95 (bot.); Edith Miller-32, 33; Dick Morris-68 (top), (bot. lt.), (bot. rt.); Ed Nano-52; Pach Bros.-110 (ctr. lt.); Phyfe-110 (2nd from rt.); United Press-27, 110 (top), 145; Wide World-73,



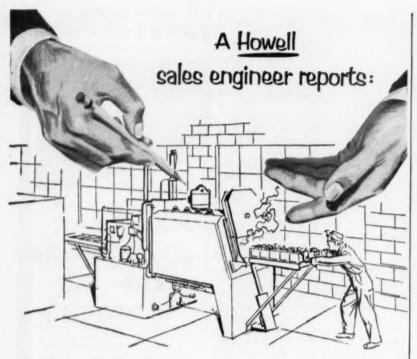
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oil men figure that Peru is a pretty good place for a U.S. company to do business. Peru has a reputation for dealing fairly with foreign investors. Specifically, it has no exchange laws, no limitation on repatriation of profits, and taxes that are lower than in the U.S.

#### BUSINESS ABROAD BRIEFS

Britons nailed down another U.S. municipal contract this week. Scattle accepted a \$103,600 tender for electric light cables (nearly \$50,000 under the lowest U.S. bid) by W. T. Henley Telegraph Works Co., London.

A British-Japanese dispute over a Japanese company's buying oil from Iran's nationalized Abadan refinery (BW-Apr.18'53,p167) led to these events last week: Russia offered Japan 600,000 tons of crude oil at well under the U.S. and British price, and Britain's Shell Petroleum cut its price on Middle East crude for Japanese refineries by 20%.

Lufthansa, West Germany's airline that hopes to be operating again by 1955, has decided to buy American. A good part of its \$35-million purchasing program will go for 10 Convairs, plus another 10 Super Constellations or DC-6B's for long haul operations.

An oil law is being drafted in Turkey to give foreign companies the same deal that domestic companies get in developing oil resources there.

The West German electric firm of Siemens & Halske and a Swiss associate got a \$23.8-million contract from Venezuela. They will install a modern telephone system in Caracas and its suburbs.

**3D X-ray?** The Director of Scientific Photography at Australia's Royal Prince Alfred Hospital has announced a new 3D angle. He says he's just about perfected a method of making and showing three-dimensional X-ray pictures.

Burroughs Corp. figures it's registered a first in corporate journalism: It's come up with an international air edition of its company newspaper. The edition is being printed on the 11-pound bible paper that leading papers in the U.S. and abroad use for their air editions.

Lower lead and zinc prices are blamed by Robert Koenig, president of Cerro de Pasco Corp. (biggest U.S. mining operator in Peru) for the 90% drop in net income that the company suffered in the first quarter of this year compared to the same period in 1952.



# **HOWELL MOTORS**

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## Buy American ...

. . . laws have foreign companies dizzy. They wish Administration would clarify its policy.

Some of the most confused groups of businessmen right now are the foreign outfits trying to secure U.S. government contracts. They complain that Administration policy on Buy American legislation seems to be blowing every

which way.

European companies were down-inthe-mouth a few weeks ago when the Administration made its first decision in the Buy American field. English Electric Co., Ltd., was by far the low bidder on generators and transformers for the Chief Joseph Dam in Washington. But the Defense Dept. suddenly rejected all bids and called for new ones (BW— Apr.25'53,p34). And though Secretary of Defense Charles E. Wilson insisted that the rejection was on technical grounds only, the foreigners felt discouraged.

• A Sign—Suspicions that the Chief Joseph decision foreshadowed future Buy American policy grew on May 5. Army procurement officers rejected a British and an American bid for bakery equipment, with the British bid substantially under the domestic one. And while Army officials said the rejection was on technical grounds, the request for new bids contained no change in technical

specifications.

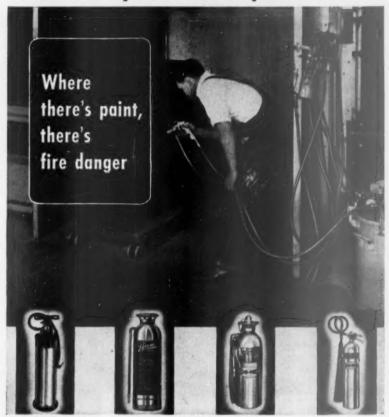
Last week, however, the Atomic Energy Commission awarded a contract to Switzerland's Brown Boveri Corp. for circuit breakers. B-B's bid of \$3.5-million was 30% under Westinghouse Electric Co.'s, the lowest American bidder.

• Guessing Game—Under a strict interpretation of Buy American laws, which require that foreign bids on government contracts be more than 25% lower than domestic ones, B-B was a natural to get the job as long as it met specifications. But last year the Pentagon announced that it was scrapping the 25% rule, and would consider each contract on an equal competitive cost basis.

Now the Chief Joseph Dam and the bakery equipment cases keep foreigners guessing how the rule will be applied.

Some clarification may be coming for them soon. English Electric and Ferrantí, Ltd., are low bidders on a contract for six transformers for the McNary Dam in Oregon. Neither of their bids is 25% below the lowest U.S. proposal. A lot of businessmen abroad are wondering how the awards will come out.

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MONONGAHELA ROOM in the William Penn Hotel, Pitts- CAMERAMEN sprang into action whenever anybody from labor or burgh, was seene of nationally important bargaining last week. management came out with a driblet of news.



THE PRESS kept a dog-watch outside the door, waiting while steel wage talks rumbled on inside.



## Behind the Door: Steel Meets Labor

The attention of all who have anything to do with union contracts focused this week on closed doors of steel industry negotiating rooms in the William Penn Hotel in Pittsburgh. Wage decisions being made there will affect almost all companies with contracts opening this year.

Whatever raise steel gives-and one now seems certain-will become a demand for other unions. It may set off a troublesome new round of wage increases and a new upward push of prices at a time when the government is emphasizing the need for avoiding new inflationary pressures.

· Down to Business-Bargaining be-

tween the United Steelworkers (CIO) and U.S. Steel Corp. got under way with a lot of fanfare and excitement last week. Other basic steel companies and USW negotiators also held initial wage discussions.

After the usual friendly gestures:

· Industry spokesmen told the union that they do not consider a wage boost justified this year. Steel wages have risen more than living costs and have outstepped earnings in most other industries, they contended.

• Union negotiators made clear that they expect an increase. They say one is warranted because of (1) the industry's high profit level; (2) the increased productivity of steel workers; and (3) current high prices, which bar an "adequate" standard of living.

· Figures-USW didn't reveal its demand figure at the initial bargaining sessions, and industry negotiators didn't tip their hand on what-if anythingthey will offer as a raise. But union people talk privately of hopes for a settlement between 10¢ and 15¢ an hour, and there are recurring reports of a 5¢ offer by industry people.

The union can strike July 1 if there's no settlement by then. Odds still favor a compromise (BW-May2'53,p148)particularly so now that steel price rises are coming (page 29).



INSIDE, U.S. Steel representatives met CIO's United Steelworkers, heard the union argue that raises are warranted.



AFTERWARDS, U.S. Steel's Stephens (wearing hat) and USW's McDonald (speaking, right) told reporters they had hopes for steel peace. Then . . .



THEY PARTED—and the nation wondered what the next step would be.



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## **Double Trouble**

CIO suspects its packinghouse workers' union of (1) Communist influence, and (2) intent to join AFL.

CIO is tracking a double scent in one of its affiliates, the United Packinghouse Workers. One is a whiff of communism, which could be grounds for expulsion from CIO. The other hints at the voluntary departure of the meat union to merge with its AFL rival, the Amalgamated Meat Cutters & Butcher Workmen.

CIO would like to find both scents false. They could have effects on current unity talks between the top brass of AFL and CIO; on the stability and future of CIO under its new president, Walter Reuther; and on the meat pack-

ing industry.

• How Strong—Whether the scent of communism in the Packinghouse Workers is any stronger now than it has been for several years is a question CIO may have to answer. Apparently, CIO paid no attention to it until threatened with loss of this 100,000-member union to AFL.

In April, after the rival meat unions had been negotiating for two and a half months and reports had reached CIO of an impending merger, Reuther informally appointed a committee of three CIO union presidents to inquire into Communist influence in the Packinghouse Workers.

The three were David J. McDonald of the United Steelworkers, Jacob S. Potofsky of the Amalgamated Clothing Workers, and L. S. Buckmaster of the United Rubber Workers.

These three told Ralph Helstein, president of the Packinghouse Workers, that he should clean the Communists out of his union—and that CIO would help him.

Helstein, a young lawyer until he was elected UPW president, asked for a bill of particulars. He denies there are Communists in positions of influence in the union.

• Record—The scent of communism in the Packinghouse Workers is not easily tracked down. It was never as pungent as it was in the 11 unions expelled by CIO in 1949 and 1950. Helstein, who is not suspect himself, always voted "right" in the CIO executive council.

Still, the odor has not been entirely absent. When the House Committee on Un-American Activities investigated two of the meat union's Chicago locals last September, the hearings were disturbed by pickets who sang their protest and banged on the door of the

hearing room. A former Communist testified that the president of one of the Chicago locals was a Communist. The local president refused to say. The committee did not report any conclusions.

The first union officer convicted of false swearing to non-Communist affidavits under the Taft-Hartley act was a Packinghouse Workers' local union executive in Camden, N. J., Anthony Valentino.

The Packinghouse Workers is noted for playing up race discrimination complaints. Here the Communist party line happens to coincide with the policy of CIO and many other liberal, non-Communist groups; but the Packinghouse Workers is known for piping the issue to the point of shrillness.

Two weeks ago the executive board of the union distributed a four-page, two-color tabloid devoted to a plea for peace in Asia—a little unusual for a union that has a tiny treasury. The union borrowed \$50,000 from the Steelworkers when the late Philip Murray was president. The debt is still unpaid.

• Raid?—The CIO high command is asking AFL a question, too. It's this: If an AFL union and a CIO union merge under the AFL banner, isn't that an AFL raid?

AFL's answer will be important to the unity talks going on now between the two big labor federations. Real unity is unlikely now, but hopes have been strong for a no-raiding agreement.

If AFL takes the position that the merger of two autonomous international unions is not raiding, but unity, CIO may break off the talks. For if the CIO meat union goes over to AFL, CIO's obvious course will be to declare the meat union's jurisdiction open and to set up another union in the meat packing field. CIO then will embark on raiding expeditions of its own to hold as many of the meat packing locals as it can for its new union.

• Backwash—The meat packing industry is going to feel repercussions in the event of a merger, whether it is complete or not. If CIO loses everything to AFL in this field, the industry will be faced with a strong union claiming close to 400,000 members. If CIO can hold on to any substantial nucleus, the industry will experience raiding and bitter rivalry for years.

The meat merger talks, the first threat of CIO crosion under the Reuther regime, are going ahead with strong support from the rank and file of the Packinghouse Workers. Last Saturday, with nearly 400 of his wage policy group assembled, Helstein recited everything that had been going on with the AFL union and the CIO leadership. The committee gave him unanimous commendation and urged his continued efforts in the same direction.

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# Unions Switch Their Strategy

They'll use social as well as economic arguments to pull in new members, and they'll concentrate on cutting down interunion battles. There may be more joint bargaining, too.

Management's strengthening position in labor relations is forcing the unions to take another look at the basic strategy they have been using. The result may be some changes that will make a big difference to employers in the years just ahead.

The unions now feel:

· Organizing techniques should be overhauled. Methods that worked in the past are now producing less results. To sign up today's unorganized workers. labor must use more than just economic arguments, and it must extend its campaign outside the plant and into the community.

 Bargaining practices should also be revised. With tougher negotiations on the horizon, unions that do business with the same multiplant employer must forget rivalries and unite in drafting demands and bargaining on them.

· Shift-There is much quiet talk going on in labor leadership circles on both of these points. Some unions-notably in aircraft, oil, and meat packing-are already negotiating on a "solid front" approach to relations with management. Final decisions appear a long way off, particularly on the ticklish issue of economic collaboration. But within the next few years management in a lot

of industries may have to deal with joint union action. That will mean shifts in management practices to parallel the shift in labor's.

#### I. Organizing Changes

For years, the clinching argument in union organizing drives was a promise of contract gains: pay raises, better working conditions, more security.

That argument has lost a lot of its potency. Most of the choice industrial plums still to be plucked by unions are plants in which workers get pay and work conditions the same as-or better chan-those under union contracts.

Moreover, the uncertain economic future makes it difficult these days to promise: "Join the union, and we'll

get vou a raise.

So, much of the emphasis is now being shifted from economic to social reasons for joining a union. A subtle "class" argument is being injected into organizing drives. Unions are telling workers: Laboring men and women should join forces in unions; unless they do, social gains won in two decades of Democratic government may be lost; new gains in the way of lowered taxes, improved housing, broadened social security, and the like, will be improbable.

• Broader Drives—John V. Riffe, new executive vice-president and organizing director of CIO, has explained the importance of the broadened argument in this way to his staff of 300: "Workers are wondering where this Administration is taking them. They should be persuaded that, if organized, workers can exert a lot of influence in Washington as well as on employers."

But more than arguments for unionization should be broadened, CIO believes. Many unorganized groups are now concentrated in areas such as the South, where there is a public distrust of unionism. It isn't unusual for civic and business groups, churches, and elected officials to work against the union in these areas. So, says CIO, to organize the workers, you have to or-

ganize the community.

How? CIO is quietly working now on a new public relations program. It wants to spread the idea that CIO—and all organized labor—is working for the public interest instead of just for a specialized group. Public relations heads of key CIO unions met in Washington a week ago for "general" discussions of a way in which CIO can win increased public acceptance.

• Will It Work?—CIO believes that overcoming local resistance to unionism will go a long way toward signing up a community's workers. It cites this story told by North Carolina organizers for the Textile Workers Union of Amer-

ica (CIO):

TWUA had tried four times to sign up employees of a mill in a small textile town. It had failed dismally each time, as the entire community sided against the union. Then, in late 1952, the plant management supported Eisenhower. The Democrats carried the town. Two months ago TWUA campaigned again in the community, linking mill management and the Republican Administration. The public, including town officials, sided with TWUA. The union won easily—2 to 1.

• Limited Rivalry—Union leaders are seriously considering ways of reducing

• Limited Rivalry—Union leaders are seriously considering ways of reducing what they call a reckless, hot-tempered rivalry—relying on false charges and denunciation—in many situations where unions compete for unorganized workers. They say there have been too many "no union" victories recently as a result of the workers' decision that there's no choice between two bad apples.

What the union would like is an extension of agreements such as those between the International Assn. of Machinists (AFL) and a number of competitive unions, including the United Auto Workers (CIO). Under these:

Rival unions agree to respect one another's certifications and contracts; raiding is barred.

• They agree also to avoid "conduct detrimental to labor as a whole" in their competition for unorganized workers. That is, they agree to campaign on "sensible and constructive grounds," avoiding false charges and criticism and concentrating "on the merits of their union, not on efforts to tear down the rival union."

In the case of IAM and UAW, the no-raiding part of the joint agreement has been about 98% effective; the second part, harder to enforce on locals out for new members, is considered to be working satisfactorily—although the unions agree that a lot of educational work must be done to make the "fair competition" agreement really effective.

• More Organizing—Meanwhile, CIO is planning a stepup in organizing work, using new techniques and old. Sweeping administration changes—freeing more staff personnel for new campaigns—have been the first step.

—have been the first step.

The emphasis in 1953 will be on organizing in the South—particularly in the textile industry, with CIO and TWUA working together. But new drives will also be launched in chemicals, textiles outside the South, wood, telephone, paper, and electrical-manu-

facturing industries.

In line with the new thinking on organizing, CIO has announced that it will not "waste" organizing on workers already in legitimate unions—but it adds that workers in such leftwing unions as the Mine, Mill & Smelter Workers and United Electrical Workers are considered to be unorganized.

In addition to stepping up organizing work and moving in on leftwing unions, CIO is working on another plan that may have plenty of impact on some employers: It plans to place as many as possible of its local industrial unions (affiliated directly with CIO, not with international unions at present) in internationals. They will be more influenced by national trends and policies if this happens. Bargaining with them will be more difficult.

#### II. Economic Teamwork

Contract negotiators on the union side of the table are running into stiffer resistance from management these days. That's why there is an apparent growing interest in labor for some form of economic collaboration between unions that bargain with the same multiplant employer.

What they want to do is to bar the employer from playing one union against the other—a game that man-

agement often wins.

Efforts to find a basis for bargaining collaboration are now being made by:

 AFL's machinists and CÎO's auto workers, with special emphasis on multiplant companies in the aircraft

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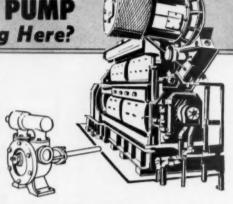
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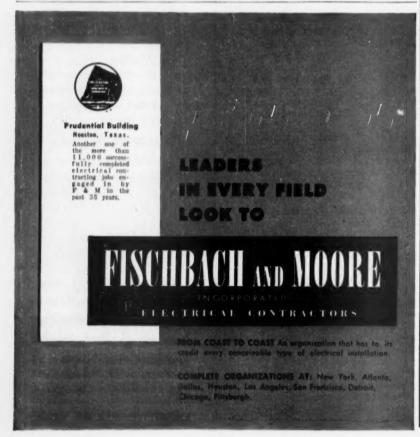


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industry. The two unions' no-raiding, fair-competition agreement also calls for political and economic cooperation on mutual goals. Present moves are intended to start the long, slow process of making the cooperation effective in bargaining, too.

• AFL and CIO meatpacking

unions, which may have a merger as a long-range goal as well as economic collaboration as an immediate objective (page 152). Now, again, CIO's union has proposed a joint bargaining committee to conduct wage negotiations

with "Big Four" packers.

• CIO, AFL, and independent unions in the oil industry, through their two-year-old Coalition of Oil Unions-made up of 22 unions representing about half of the 500,000 workers in the industry. This, at present, is primarily a loose-knit movement for solid-front bargaining-something the industry is strongly concerned about because of its basic opposition to national or industrywide bargaining.

There are also demands in the International Union of Electrical Workers (CIO) and leftwing United Electrical Workers (ex-CIO) for collaborationbut they won't get anywhere. UE is willing, but IUE refuses to deal jointly in any way with UE. Collaboration demands stem from the fact that the two unions represent about equal numbers of workers in General Electric and Westinghouse plant chains, and neither is showing any progress in bargaining

• IAM and UAW-The cooperation worked out between UAW and IAM local unions in General Electric's big jet engine plant at Evendale, Ohio, is a practical demonstration of the collaboration unions are after in multiplant operations. Even so, cooperation in this particular case has failed to pay off.

UAW represents about 4.500 GE production workers at Evendale, and IAM bargains for another unit of 1,100 there. Bargaining separately, the two got nowhere with demands for what they called "a reasonable and fair contract." They struck Mar. 15, and co-ordinated strike and bargaining efforts.

The two locals settled the strike this week after 65 days, on about the same terms GE had offered in advance of the walkout-raises averaging 6¢ to 8¢ an hour. The locals gave in when it became apparent the government wouldn't intervene, and after a backto-work movement gained momentum. · No Test-IAM and UAW, and other unions interested in collaboration, say the Evendale coordinated strike was no real test of how cooperation can be established or what it can accomplish. Special circumstances helped the unions pull together, and later defeated their strike. But, say unionists, it did prove that rival groups can work together.

#### LABOR BRIEFS



Picketing for a 35-hour work week continued at Milwaukee breweries this week as the CIO Brewery Workers refused to back down from a shorter week demand. Brewers warned the union they will not bargain on the 35-hour issue.

Arbitration award barring a pay cut under the American Woolen Co.-Textile Workers Union of America (CIO) was handed down in Boston this midweek. The arbitrator held American Woolen's wages are "not excessive," and that a pay cut (the company asked for a 20% cut, or 31¢) wouldn't solve company problems.

Ultimatum by the United Auto Workers (CIO) warned General Motors this week that UAW "will not consider" long-term contracts in the future unless there is an agreement on changes in the present contract by June 1.

Rumor that strong United Auto Workers (CIO) and trouble-beset International Union of Electrical Workers (CIO) may merge persist despite denials. Move would tighten UAW's position in auto and kindred industries—where IUE represents some groups of workers—and strengthen CIO's chances of winning over locals of the leftwing United Electrical Workers (ex-CIO).

David L. Cole, former head of the Federal Mediation & Conciliation Service, is new permanent arbitrator for International Harvester and United Auto Workers (CIO)—which bargains for 20,000 I-H employees.

Average raise in 1,493 settlements reported to the New York State Dept. of Labor in 1952 was 7.6¢ an hour, for 865,000 workers. And the industry



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A. J. Glover is out as president of the Switchmen's Union of North America, replaced at a special convention by W. A. Fleete, veteran railroadman from Cleveland. Glover was first elected in a "Young Turk" movement in the union in 1947, and in recent years had faced a growing factionalism. His defeat came in a showdown brought on when AFL carpenters picketed Glover's home-charging him with using nonunion labor on work being done there.

### Finding What's Behind Shop-Office Pay Gaps

Occupational wage differentials between white-collar and manual-worker jobs can't be explained solely on the basis that one group works at an office machine and the other at a shop bench; many other factors influence average earnings almost as decisively.

That's the conclusion of an analysis published in the current issue of Harvard's Review of Economics Statistics. The article looks into the value and limitations of commonly applied standards of comparison. While 1939 data was used, the study is still useful.

• Balance of Factors-In 1939 whitecollar workers-excluding professional, semiprofessional, and managerial personnel-averaged 38% higher earnings than manual workers. The analysis lists a number of factors that tended to hold down the size of the wage gap, such as these:

• There was a larger proportion of women, with substantially lower earnings, than men in the white-collar oc-

cupations in 1939.

• There was a higher concentration of younger and lower-income groups in white-collar occupations than in manual occupations that year.

But the earnings gap tended to be widened by these factors:

· Employment, on an hourly basis, was 14% longer for white-collar workers than for manual workers.

· There was a relatively heavier concentration of Negroes, receiving lower average earnings than whites, in

the manual occupations.

· Not Perfect-When factors evaluated on both sides were balanced against each other, a significant portion of the gap was still unexplained. But the article points out that there are other earnings determinants, that lend less to statistical measurement, which affect comparisons. No attempt was made, for instance, to analyze the market value of skill and ability, or to compute the effect of the relative availability of jobs in the two groups.

# Where do we go from here?



# Goes Anywhere

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NATIONWIDE
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This MAGNAFLUX-OWNED AND
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inspection methods and facilities of
Magnaflux Corporation to detect defects in any
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Magnaflux Commercial Inspection is achieving major savings for hundreds of companies...all over the country.

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Magnaflux Field Inspection Truck goes down to turbine room floor on inspection assignment.

# M

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Commercial Inspection Available Through 16 Principal Cities: New York 23 ° East Hartford Conn. • Bridgeport, Conn. • Philodelphia 33 • Pittsburgh 27 • Cleveland 15 • Cincinnati 23 • Detroit 11 • Chicago 47 • Indianapolis 18 • Wichita, Kan. • Dallas 9 • Houston 23 • Odessa, Texas • Oakland 6 • Los Angeles 58

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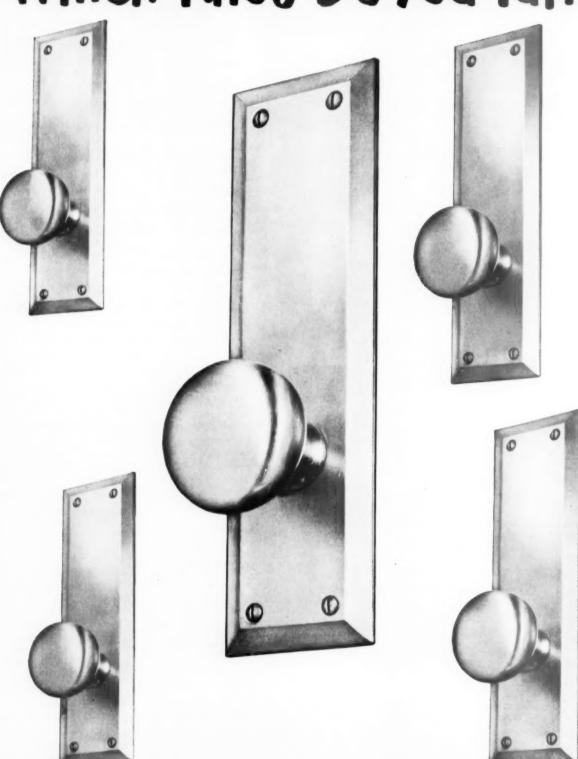
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Inspecting steering knuckles at high speed with Magnaflux-Magnaglo\* on conveyorized unit.

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# to Turn in the Order?

One of the biggest problems facing today's industrial salesman is the number of buying influences that enter into a sale. The title on a door doesn't always provide the lead to the man with buying authority, nor to the men whose okay he must get before the order is issued.

But all of these buying influences—known and unknown—have a common meeting ground in the business publications they read to keep up with developments in their industry. And, by advertising in these publications, you can help your salesman get your sales message into the hands and minds of your prospective customers.

In other words, business magazine advertising is a selling tool. It speeds up selling in the same way that a high-speed machine tool speeds up the productivity of the skilled plant workman. That's why we call it Mechanized Selling. It mechanizes the preliminary steps to a sale and enables the salesman to spend his time on the important job of making the proposal and closing the sale.

Ask your McGraw-Hill man for a copy of our 20-page booklet, "Orders and How They Grow." It gives the salesman a realistic appreciation of how business publication advertising helps him use his time more productively. You'll want to read it, too.



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#### MECHANIZED SELLING OPENS THE DOOR TO GREATER SALES

National Starch Products Inc. produces a line of adhesives and starches with an almost unlimited variety of industrial applications. They wanted to sell more products within each industry; develop new uses for existing products; introduce new products, and establish product and company recognition.

They used color pages in 18 business publications reaching important buying influences in fields served by the company's products. Copy was specifically



tailored to needs and requirements of each field.

RESULTS: Immediate productrange recognition. Easier accessibility to new prospects, Old customers asked about products that the salesman didn't know they could use, Greater company recognition. A \$3,500,000 sales increase in one year.





for lower costs...
extension of material supplies

More and more, economy-minded buyers are switching to Stainless-Clad Steel Plates as an effective means of extending supplies of critical materials and of beating the high cost of stainless steel.

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Large diameter steel pipe

# PERSONAL BUSINESS

BUSINESS WEEK MAY 23, 1953



High tax rates have caused a shift in the types of investments sought by the tax-wise businessman. That's because a gross return, in itself, can be meaningless—Uncle Sam may take up to 88¢ out of every \$1.

That kind of bite can sometimes be avoided. More areas of investment than many people realize provide tax shelters. Here's a rundown of the ones the tax experts usually tell their clients about:

• Tax-exempt bonds, issued by states, counties, cities, road-building and port authorities, and other state political entities. Income earned from them is exempt from both federal income tax and the tax of the issuing state.

This is the result: Say you hold tax-exempt securities giving a 3% return tax-free. To equal that net income, you would have to get from a taxed security a gross return of 7.9% if you are in the \$20,000-\$22,000 bracket; 12% if you make between \$44,000 and \$50,000; and 25% if you are in the \$90,000-\$100,000 class.

• U.S. government bonds. When you buy Series E and F bonds, you can report and pay tax on the interest in one of two ways: (1) every year; or (2) when the bonds are redeemed—at maturity or earlier. The advantage: You can postpone reporting interest in high income and tax years.

• Oil. One factor here is the big cost element of oil discovery—exploring and drilling. You can charge off these expenses against current income. In addition, you can deduct each year 27½% of the gross income from oil and gas—provided it doesn't exceed 50% of your net income from that source.

• Real estate. You'll find a whole raft of tax advantages here. One example: Profits from sales are taxable at capital-gain rates (26%), losses are fully deductible against ordinary income. Another: Depreciation allowance gives you back part of your investment tax-free.

You can elect to take a higher depreciation than is normal in the early years of ownership. That's a good thing to keep in mind if you are thinking of property turnover.

• Mutual funds. Returns on investment here can give you capital gains. For example: If the fund sells stock at a profit, then distributes the profit to shareholders, it's a capital gain. The same thing happens, in effect, when the asset-value of the fund's portfolio grows. If you cash in the stock, the income is figured at the capital-gain rate.

 Cattle investments. Nature builds up a herd's value by propagation and growth. That's a capital appreciation—and can't be taxed until you cash it in. Meanwhile, you deduct annual cost of feed and care against other income.

If you own livestock for breeding purposes and hold it for 12 months or more, you can sell it to get a capital gain. Deduct any losses from ordinary income.

• Citrus groves. Time and nature boost the value of new or young groves. It's all tax-free until sold; then it's a capital gain. You can depreciate the cost of planting, deduct expenditures that add to value.

## PERSONAL BUSINESS (Continued)

BUSINESS WEEK MAY 23, 1953 Groves become self-supporting in the fifth or sixth year, reach maturity around 20 years. (Don't forget—there's always the risk of freezes and hurricanes.)

• Timber. It has a high degree of certainty (barring forest fires), and a minimum of expense. But it takes a long time to mature. Tax advantages:
(1) its growth—and consequent rise in value—is tax free; and (2) you can sell your investment in a timber stand and pay taxes at the capital-gain rate.

Note this on corporate bonds: Interest on them is not always fully taxed. That's true if you buy bonds "flat" (part of the cost includes defaulted interest—which isn't taxed when paid later).

You get a break, too, on discount bonds. Issued at one price (say \$50), and redeemed at a higher price (\$75), the spread is taxed as a capital gain.

In all cases, get a good investment man with tax savvy to help you find sound spots for your money; it's a tricky field.

Every golfer knows that crowded fairways contain a constant element of danger. Few realize that it can cost them heavy money—caddies, players, and spectators can sue if hurt with a driven ball or a carelessly swung club. And awards come high.

If you have a broad, personal-liability insurance policy, you may already be covered against such accidents. If not, you can get a policy specifically for golf liability. For a nominal fee, it will protect you against all accidents for which you might be liable on the course—loss of an eye, broken bones, concussion, etc.

You can get coverage either for yourself alone, or for all members of your family who live in the same household. On an individual policy, you can get \$40,000 worth of coverage for \$3.99 for one year, \$9.31 for three years.

A family policy, with the same \$40,000 coverage, comes to \$17 for three years. Property-damage liability costs the same on either the family or the individual policy—\$1,000 coverage at \$2 for one year, \$5 for three years.

If you engage in other sports or have children who do, it might be wise to combine your golf insurance with other kinds of sports liability rotection. It will cover you on everything from model airplanes to hunting and fishing accidents, and any athletic sport or game.

Warmer weather brings out the urge to repair and build outdoor adjuncts to the home. Garden furniture, flower trellises, porches, play-houses, kennels, and tool sheds are among the things needing attention after a winter.

Building experts say you can cut down this type of spring work if you use aluminum nails. Since they won't rust, they are unaffected by any kind of moisture. They are lightweight, have a holding strength comparable to other types.

Don't count on your car's trunk being a completely safe place to keep valuables. Thieves have figured out a special pair of pliers that can easily defeat the lock.



See PAR-BAG DELUXE at your favorite sporting goods store or pro shop • ATLANTIC PRODUCTS CORP., Trenton, N. J. • The country's foremost maker of golf bags



#### **Leading Appliance Distributor** Says KLIXON Protectors Save Service Calls

PORTLAND, ME.: Mr. W. H. Waycott, Service Manager of Nelson & Small, Inc., one of Maine's largest electrical appliance distributors, is enthusiastic about the motor burnout protection provided by KLIXON Protectors.

"I've found that KLIXON Inherent Overhest Pro-tectors do an excellent job of eliminating burnouts in our refrigerator motors. It's my opinion that they've saved us many service calls . . . and made many satisfied customers."



KLIXON

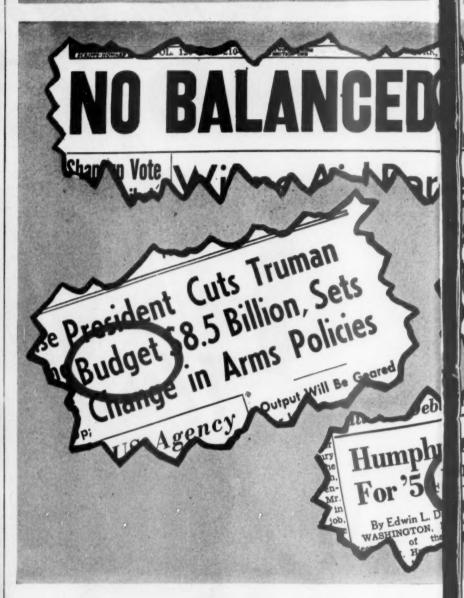
many satisfied customers."

The KLIXON Protector, illustrated, is built into the motor by the motor manufacturer. In such equipment as refrigerators, oil burners, washing machines, etc., they keep motors working by preventing burnouts. If you would like increased customer-preference, reduced service calls and minimized repairs and replacements, it will pay you well to ask for equipment with Manual reset KLIXON Protectors.

SPENCER THERMOSTAT Div. of Metals & Controls Co 2605 FOREST STREET ATTLEBORO, MASS.

# MANUFACTURERS OF PLUMBING FIXTURES FACTORIES: FORD CITY, PA. . SALEM, OHIO MARYSVILLE, OHIO

## WHAT IT'S ABOUT



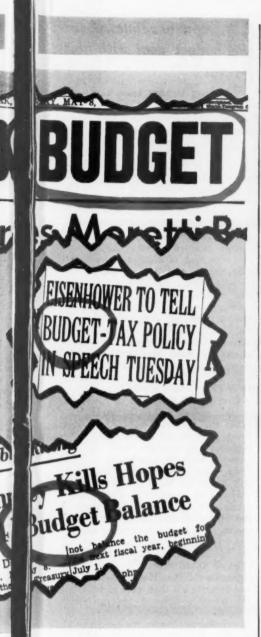
# The Budget: a String of

The budget of the United States is not a document you can sit down and study, the way you study the balance sheet of a corporation. In fact, it is not a document at all. It is a political

That's one reason newspaper headlines like the ones above are so confusing. What they refer to, of necessity, is just some particular phase of what is a seven-month process.

· Not for Reading-The federal budget is, in effect, a collection of price tags that Congress hangs on the wishes of the people. There's a price tag for defense, one for flood control, one for food inspection, one for killing dandelions around the Washington monument. There is a great deal of documentation, but no master document.

The nearest thing to a written, formal budget is a small, mimeographed report issued annually in late summer. usually after Congress has gone home. It summarizes in sketchy fashion what Congress has just done about appropriating money to operate the government. Few people read it.



# **Price Tags**

What is wrongly but officially labeled The Budget is a listing of spending proposals sent to Congress each January by the President. This always differs from the actual spending plan decided on later by Congress, but the lawmakers make the changes largely on the basis of these 1,200 pages of dollar details.

• Three Ways—There are really three ways of thinking about federal spending: (1) the budget actually adopted by Congress, (2) the spending proposals of the President, (3) or the cash budget,



# 

### ... 635 TO THE OUNCE!

The minute parts in the hand also are true shock absorbers...cylindrical housings containing precise helical springs on top of which are mounted tiny jewel bearings. These spring-backed bearings effectively nullify and prevent damage from shock, and thus enable instruments to function accurately even under severe abuse.

Why are shock absorbers necessary since conventional electrical instruments do not employ them? The reason is that new ruggedized instruments have been developed for the armed forces . . . to insure precise functioning on mobile

equipment even in battle service. This requires that the whole instrument movement be effectively shock mounted. But as added precaution... to fully protect vulnerable jewel bearings and pivots... Weston also builds-in these tiny but efficient shock absorbers.

These spring-backed jewel bearings again illustrate the thoroughness, in every detail, so typical of weston design ... so evident in the superior service rendered by all instruments bearing this name. WESTON Electrical Instrument Corporation, 614 Frelinghuysen Avenue, Newark 5, New Jersey.

WESTON WESTON STRUMENTS

. . . INDICATE - RECORD - CONTROL



# How to gear up output ...50 times as fast!

Your Bottleveck disappears when you mechanize like this:

The part here is an airplane engine gear. Formerly, teeth edges were rounded by hand. The operation was a bottleneck. It required 2½ hours per gear and even with great skill, scrap loss was high.

Then Osborn Power Brushing came in. Time per gear was cut to 3 minutes! The operator simply pushes a button, then loads and unloads the machine. Every gear tooth is finished precisely, uniformly. Scrap loss is nil. The bottleneck is gone.

Whether your product is metal, plastic, rubber or fabric, it will pay you to have the Osborn Brushing Analyst survey your operations to find places where power brushing can help you multiply manpower and minimize costs. Call or write The Osborn Manufacturing Company, Dept. A-11, 5401 Hamilton Avenue, Cleveland 14, Obio.



LOOK FOR THE NAME OSBORN . . . RECOGNIZED EVERYWHERE FOR QUALITY WORKMANSHIP AND MATERIALS "... most headlines about the budget deal with this process..."

THE BUDGET starts on p. 166

merely a balance sheet showing government collections and payments.

The one all-important fact to remember about the federal budget, however, is that it is the creation of Congress, not of the Executive Dept. This keeps it from being a neat and orderly document of the kind beloved by financial vice-presidents in business. The budget emerges piecemeal from a laborious and partly blind legislative process. It consists of about 10 different appropriation bills, each of which authorizes the executive branch to go ahead and specific sums of money for specific purposes.

Most newspaper headlines about the budget these days deal with this process. Congress is now holding committee hearings, debating requests for money as received from the executive departments, and voting on appropriation bills. The budget-making process is for fiscal 1954, which begins July 1.

• Groping—There's a lot of confusion in this process. That is unavoidable under the rules of Congress. For one thing, it adopts all but the last of the separate appropriation bills without knowing what the grand total is going to be. That's where some of the blindness comes in.

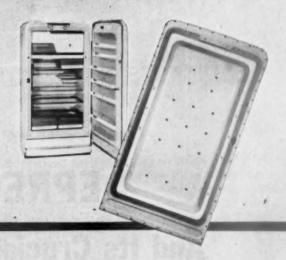
Here's an example of what a congressman is up against. A member of the House is called on to vote for a specific sum for the Post Office and Interior Dept., say, before he knows what the House Appropriations Committee is going to recommend for Defense or Agriculture. The House Post Office and Interior bill then goes to the Senate, where a different sum is voted. Next, the House and Senate versions go to a conference committee consisting of members from both the House and Senate, where a third sum is usually decided on. Finally, the House member is asked to approve the conference report. which he may do while he is still in the dark as to the final sums involved in other appropriation bills.

• Budget Blindness—In the meantime, the revenue side of the budget is also in doubt. The appropriation committee makes its recommendations without knowing what an entirely different committee—House Ways & Means—may do about the tax laws. A congressman may be approving final appropriation bills before he knows whether he is going to get a chance to vote on revenue changes, too. That's another case of budget blindness.

This method of budget making seems

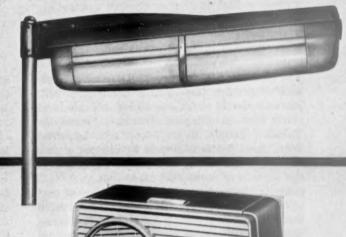
# BIG

One-piece—1,800 square inch
— inner door panel for a big
12-ft. Westinghouse refrigerator. Easy to clean. Lustrous
color all the way through.
Sturdy and strong.



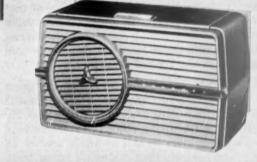
# tough

6-ft. long General Electric fluorescent street light globe. Clear, strong, gives better light, resists weather and small boys' marksmanship.



# Beautiful

Colorful, durable and artistic front panel for a Fedders airconditioning cabinet. It helps transform good machinery into desirable furniture.



# and molded by ... General American



Plastics Division
GENERAL AMERICAN
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135 South La Salle St., Chicago 90, Ill. 10 East 49th St., New York 17, N. Y. These are three of the parts General American has been producing for some of America's most important industrial firms. They're injection moldings — made on our battery of injection machines which mold up to 300 ounces of plastics in one "shot." These machines, plus batteries of large compression and reinforced plastics molding equipment, tool and die service, engineering and manufacturing experience, make a good combination to back up your production line. Write us for information.

# **DEPRECIATION**

# **And Its Crucial Economic Role**

The sixth annual McGraw-Hill survey of Business' Plans for New Plants and Equipment, just completed, reveals some remarkable facts about the role of depreciation in our economy. To most people, depreciation is a technical term, used by accountants to discuss a dull subject. But it really is a simple matter: It is the amount of money set aside each year by a company to replace plant and equipment that is wearing out. And here are some facts from this survey\* which show how depreciation can make the difference between prosperity and recession in the United States:

- 1. In 1953, about half of all the money spent on new manufacturing plants and equipment will come from depreciation reserves. For the future, manufacturing companies are relying even more heavily on this source of money. In the years 1954-56, they count on using their depreciation funds to pay for almost two-thirds of the new plants and equipment now planned.
- 2. The amounts of money made available by depreciation allowances vary greatly from

industry to industry. Some industries, such as those producing steel, chemicals and petroleum products, will have relatively large amounts of cash available from their depreciation reserves. In considerable measure, this is because the government is allowing them to accumulate such reserves at an eccelerated rate as an encouragement to build facilities required for national defense. But most of the companies engaged in the production of textiles, processed foods and many kinds of machinery have had little chance to benefit by this provision for accelerated depreciation. Hence, they have much less money available from depreciation reserves.

- 3. There is a definite shortage of investment funds in the industries that have relatively low depreciation allowances. Taken together, the coal mining, textile, food processing, machinery and other metal-fabricating industries plan to spend about \$4.7 billion for new plant and equipment this year. But they report that they would spend \$1.5 billion more per year during the period 1954-56 if sufficient funds were available.
- 4. Eighty-five per cent of the manufacturing companies covered by the survey reported that they plan to invest all their depreciation funds to keep equipment up-to-date and to provide capacity for new products and new markets. These companies could let their depreciation funds pile up as idle cash. But the intention is to spend most of them for capital equipment.

<sup>\*</sup>The sixth annual McGraw-Hill survey of Business' Plans for New Plants and Equipment included companies that provide 25 per cent of all industrial employment and 60 per cent of employment in those industries where capital investment is highest. These companies are mostly the larger companies in their respective industries. A copy of the full report of this survey can be obtained by addressing: Department of Economics, McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York 36, N. Y.

Hence, there is a direct relationship between the amount of depreciation funds available and the level of capital investment. And it is upon the latter that the level of general prosperity decisively depends. One-third of all industrial workers are engaged in producing or installing such equipment.

This fact that the level of depreciation allowances has a major bearing on the level of capital investment should not surprise anyone. In several foreign countries where these allowances have been increased, investment has boomed. The two nations with the highest ratios of investment to national income are Canada and Norway. Both countries adopted flexible depreciation policies after World War II. In Sweden and The Netherlands also, flexible depreciation allowances have contributed to rapid industrial expansion. Finally, the tremendous investment brought about by our own rapid amortization program shows dramatically the importance of depreciation in stimulating capital expenditures.

#### **Obsolete Tax Laws**

In spite of this record, the fact remains that our laws and the business procedures that govern depreciation allowances - in particular the laws and rulings that govern the deduction of depreciation from taxable corporate income -are still based on antique and obsolete accounting concepts which take no account of depreciation's dunamic role in our economy. The internal revenue code still require? most companies to depreciate their equipment over a long period, even though these small annual allowances cannot possibly pay for the investment that is necessary to keep a plant up-todate under today's rapidly changing technology, with its production of new and improved machinery.

The only allowance made by the government for rapid depreciation is that which is authorized for certain types of plants during the defense emergency. Under this policy most companies are unable to use accelerated depreciation for tax purposes. And as defense projects are completed, the number of new authorizations is dropping. We may lose the chance to utilize fully this powerful tool for sustaining investment because, under our

ramshackle emergency tax structure, accelerated depreciation is available only to a minority of firms on a temporary basis.

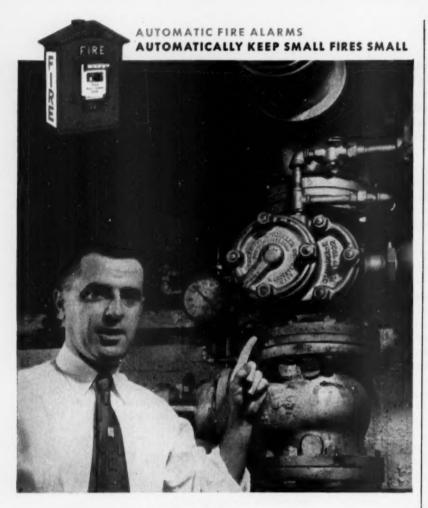
#### **New Policy Needed**

A sensible, up-to-date depreciation policy for tax purposes is long overdue. Either the Treasury must modernize the internal revenue code on its own initiative, or Congress must take the lead by writing into permanent law a flexible depreciation policy applicable to all companies.

Treasury experts now have before them a number of proposals to allow faster depreciation for the average firm. The U.S. Chamber of Commerce has suggested that companies be allowed to deduct from taxable income 25 per cent of the cost of new equipment in the first year, with the remaining cost to be deductible over the life of the facilities. The Machinery and Allied Products Institute has long sponsored a formula that would allow full deduction in two-thirds of the estimated life of the property. In Congress, Chairman Reed of the Joint Committee on Internal Revenue Taxation has stated that we need a more flexible depreciation policy. Senator Frear of Delaware has introduced a bill that would let a business make its own choice on how fast to depreciate its equipment.

It will take time and study to determine which of these various proposals best fits the needs of the economy without sacrificing unduly the revenue needs of the government. If we are to have a new depreciation policy, designed for a long period ahead, it must be carefully worked out. But this much is clear right now: The development of a flexible depreciation policy on the part of the federal tax authorities is one of the most important steps that can be taken to sustain prosperity. When we talk about depreciation, we are talking about the money that pays for almost twothirds of the new manufacturing facilities now scheduled for construction. We are talking about the new investment and the new jobs on which our continued prosperity depends.

McGraw-Hill Publishing Company, Inc.



# ... "what do you mean, Mechanize our sprinkler system?"

Just this . . . by adding an AUTO-MATIC ALARM to your sprinkler system, the Municipal Fire Department will be notified immediately when a sprinkler head goes off! This "mechanizing" of your sprinkler system keeps small fires small and water damage slight.

GAMEWELL AUTOMATIC ALARM devices can be added to your present sprinkler system quickly and at low cost . . . and are safetyengineered to give you complete protection 24 hours a day, every day! In addition, you may also be able to have your insurance policies re-rated to reduce the annual premiums.

Have one of our representatives show you NOW how easy it is to add immediate action by the Municipal Fire Department to your present protective system.

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Theres no substitute for the Municipal Fire Alarm SYSTEM.

Box System

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inefficient and fiscally irresponsible. But the power of Congress to do it this way is absolute.

• The Purse Strings—Congressional control over spending is written firmly into the Constitution, in a section that states money can be spent by the executive departments only in consequence of appropriations. You have to go far back in history to find violations of this provision. The last who did it was Lincoln, during the Civil War.

Your congressman will tell you as much—if he is a friend of yours. But if your congressman looks on you merely as another vote that might get away, he may try to tell you that Congress has lost control of the budget. Or he may try to blame the executive department for sending up a big spending plan in the first place.

You will read a lot of newspaper articles quoting members of Congress along these lines. They are confusing. But just remember that Congress never accepts the spending plan suggested by the President each January. Last year it knocked huge chunks out of the Truman proposals. In times past—the Coolidge and Hoover era, for example—Congress used to add to the President's spending plan.

• Reform—Congress cannot surrender its control of the purse. But it can change the present complicated method of voting appropriations. Responsible members of Congress have talked about reform for years. One plan is to vote out a single-package appropriation bill, so members of Congress will know what the grand total of spending is going to be. Another plan is to go back to the method used 75 years ago and tie tax measures into the appropriation side of the budget. That way, congressmen will know whether they are creating a balanced budget or an unbalanced one.

Even the existing system is understandable; however, if the basic budgetmaking fact—Congressional responsibility—is kept in mind.

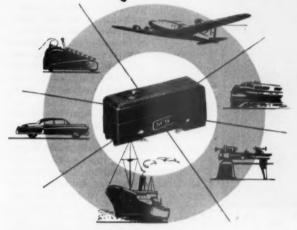
• Meanings—To get a clearer understanding of budget talk, it's important to know what certain words that keep popping up in newspapers and speeches mean. Here are some important ones:

• The budget: Usually, this refers to the spending proposals of the President. But if you think of the budget as a firm spending plan, then it's the total of appropriation bills adopted by Congress.

• A cash budget: This is a book-keeping device to show the net result of government collections from the people, and government payments to the people. Economists like it because it shows whether the government is paying out more than it is collecting in taxes. On the income side, the cash budget includes social security taxes and other trust fund receipts that aren't

## Better Products Thru Better Design

the vision of research scientists is brought to usable reality by the design engineer working with the MICRO Switch engineer



HE dreams now taking form in the minds of research scientists will become the realities of tomorrow.

Who would have realized that the study of cosmic rays would bring about the Atomic Age? Only a few years ago, skeptics ridiculed the prediction of supersonic speeds. In the last election, people were amazed at the accuracy and speed of electronic calculators.

MICRO switches have always been a part of the atomic program, Supersonic planes are replete with MICRO switches. They are important components of many amazing electronic

What fantastic things are yet to come?

Every day sees new designs made possible by the versatile characteristics of the MICRO switch. Every day sees redesigns, too, that make good products even better by use of these small but dependable switches.

These few brief case histories indicate the degree to which design engineers are convinced that the "use of a MICRO switch is a principle of good design."

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There's a new dictating machine in the market so small that it can be carried in the hand and fits into a brief case. Use of two ultra-small MICRO "subminiature" switches contributed in large measure to the small size and high efficiency of this machine. Hardly longer than a dime and weighing but 1/15th of an ounce, they give the long-life, trouble-free performance such a product must have.

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shown in the ordinary operating budget because they aren't used for current expenses. Such funds total \$3-billion to \$4-billion per year. Therefore, it's possible for the cash budget to be in the black, while the operating budget is in the red.

• Administrative or executive budget: These terms are used in the sense that operating budget was used above, to differentiate the spending program from the cash budget idea.

 Expenditures: This is the outgo side of the budget. Expenditures stem in every case from an authorization by Congress.

· Appropriations: Ordinary, current appropriations are by far the most important type of budget authorization. One-year appropriations can be made for one fiscal year only. But they remain in effect for paying out money to meet obligations for two additional years. Sometimes, as in times of arms buildup, appropriations run far higher than expenditures, due to this storing up of money for goods to be delivered in a later fiscal year. Again, there may come a period when we spend more than Congress appropriates, because we are living off past appropriations. We're in that kind of period now.

• Unexpended balances: When money is appropriated in one fiscal year but not spent until subsequent years, unspent balances naturally result. Right now these are big, because of the Korean war arms buildup. Congress created the unexpended balances as the way it preferred to pay for arms that take longer than a year to produce. Even in peacetime, Congress does some of this forward-appropriating, mostly for dams and other public works.

• Contract authorization: Congress could have avoided unexpended balances by giving the Defense Dept. authority to make firm contracts for weapons, then voting the money when the goods were delivered. Congress used this method a lot during World War II—and decided it caused so many headaches that it would not depend on it again.

 Obligational authority: This is a technical term meaning the total of ordinary appropriations and contract authorizations, plus a few minor methods of approving obligations.

• Deficit: This means the difference between tax receipts and expenditures. Here's one of the fundamental differences between private budgeting and federal budgeting. When you make a budget, you start with a given sum of money and try to apportion it rationally. Congress doesn't do this because it doesn't have to. It doesn't have a fixed sum it has to work with. If a deficit results from its approval of spending, the government borrows the money to close the gap.

"I could see the corpsman kneeling over me. The blood plasma was running down through a tube into my arm and he said everything was going to be O.K. I was walking across an enemy mine field in Seoul when one exploded and a piece of shrapnel caught me in the leg.

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# **TRANSPORTATION**

# Shake-Up in Airline Routes

CAB's decision to revert to a more-competition policy may cut into the Big Four's profits and services, but smaller lines will gain in the shuffle.

It's beginning to appear that a major change in Civil Aeronautics Board policy is in the making. Right after the war, there was a wave of airline expansion. In many cases, the added routes were in direct competition with existing routes of other lines; competition was thought to be healthy.

• Unhealthy—But in the next few years most airlines lost money—a lot of money. CAB had to O.K. big step-ups in subsidy mail pay. It was obvious that the lines had expanded too much and too soon. So CAB issued a new decree: no more route extensions, particularly competitive route extensions. Any new route improvements would have to come either through merger of existing airlines or through equipment-interchange agreements between lines.

Then came another turnaround: Profits of trunk airlines started to boom again. Airmail payments were cut; the biggest airlines all went off subsidy entirely. And it's in response to that trend that CAB is again shifting to a policy favoring more competition.

'is likely to have two principal results:
(1) The Big Four—American, East-

(1) The Big Four-American, Eastern, TWA, and United-stand to lose their remaining route monopolies-some to each other, some to other lines.

(2) The smaller trunk airlines—the "regional" carriers—will get considerably more freedom in serving cities on the majors' routes. The theory here is that the smaller lines' profitability and service will be helped more than the Big Four's profits, and service will be hurt by such a broadening of competition.

• Three Cases—The board has received over 100 route applications in the three huge area-route cases it has opened up for hearings this summer. The three, which cover close to three-quarters of the area of the United States, are:

New York-Chicago. This involves virtually every one of the tangled routes that serve the northeastern-north central industrial complex. CAB has defined the area to be considered as bounded by Pittsburgh on the south and Buffalo on the north. Last week it decided not to consider Washington-Chicago applications in this case.

Southwest Service Case. This will involve primarily the area from New York to Texas and Oklahoma, and from

there to California. But it may broaden out to include everything south of the Mason-Dixon line. For instance, Delta-C&S wants to serve from New York to the Southwest via Atlanta. If CAB admits that to this hearing, it will then have to admit all New York-Georgia applications and probably all Georgia-Southwest applications, too.

Western Area Case. This is technically called the Denver Service Case, but it may easily involve all possible transcontinental routes except those via the

• Schedule—The three cases obviously interlock to some extent. CAB's first job is to decide what to include, and what to exclude, in each of them. It has already decided on the New York-Chicago case. But it's in for several weeks of hard fighting before it makes its decisions on the other two. Right now, it appears likely that those decisions will be made around the end of next month.

After that, the examiner in each case sets the dates for hearings. These are likely to be fairly lengthy affairs, because each airline whose application is being heard gets an opportunity to state its case, and then any airline affected by any of the applications can offer evidence in rebuttal. So the examiners' recommendations probably won't appear until the end of the year. Final CAB decisions aren't expected until about a year from now.

· Monopolies-In all three cases, the Big Three transcontinental operators seek each other's monopoly routes. American and TWA want United's exclusive Denver stop. American and United want to compete with TWA into Kansas City, St. Louis, and Pittsburgh. TWA and United want to share American's exclusive rights at Dallas (BW-May16'53,p136), Oklahoma City, Tulsa, and Buffalo. Eastern wants a transcontinental route, and it doesn't much care whose; it has filed in both the Denver and Southwest cases. And Eastern's own New York-Houston monopoly is the target of five other lines, including American. The smaller trunk lines are after segments of all these major routes.

• New Face—The broad outline of the decisions—more competition—is pretty clear. But it is always impossible to





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### **BUSINESS WEEK**

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pinpoint who's going to get what at this early a date. It's doubly difficult this time, because a new fifth member, Harmar Denny, Jr., was appointed to CAB only last month. In the past, the other four members have generally split two-two on the competition issue, so it may be that Denny will wield the balance of power.

But assuming that Denny takes a middle course, here's a tentative appraisal of what a few of the medium-

size trunks may get:

Capital Airlines today is restricted to limited service to some of the major cities on its routes—it can only fly out of them in certain directions, for instance, or it can't make nonstop flights between two cities on a route. It's sure to win some freedom from these restrictions. Also, if the Southwest case is broadened to include the Southeast, it may win major improvements of its jumbled southern routes.

Braniff Airways stands a good chance of winning a route from Tulsa to New York. This would automatically put it in competition with American between

New York and Dallas.

Delta-C&S—or at least the Delta half—has long sought a route into New York. This is still a strong possibility; if it is granted, it would put the line into competition with Eastern and Capital between New York and Atlanta, New Orleans, and Houston, and with American to Dallas. And the long-pending merger with Northeast would probably go through.

National Airlines may get consolidation of its North-South and Gulf Coast routes, which would put it into competition with Eastern and Capital on routes between the Northeast and the Gulf Coast. It also is asking CAB to extend its route from New Orleans to Houston, which would intensify its competition with its arch-rival, Eastern. National is also asking a New York-Chicago route via major intermediate cities, but this is almost certain to be denied

Northwest Airlines' routes west of Chicago probably won't be involved at all in the upcoming hearings. But the line stands a fair chance of winning more freedom along its Washington-Pittsburgh-Cleveland-Twin Cities route. Long ago, CAB restricted both Northwest and Capital in this area, to protect them from each other. Now it may decide to let them both serve the area as demand arises, even if that does mean more competition.

Western Air Lines wants a Denver-California route. But it probably won't get it. Reason: Western had that route right after the war, sold it to United for \$3-million; CAB isn't likely to give it back, in competition with United, for nothing. And United probably wouldn't

sit still for it if it did.

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# Before Meeting the Russians

In his prompt response to Prime Minister Churchill's call for a conference of the major powers, President Eisenhower was undoubtedly reflecting the feelings of most Americans. He is no less anxious for peace, but he does not yet share Sir Winston's conviction that the Soviet Union is prepared to reach agreement on disputed issues. When, and if, the Soviet leaders demonstrate that such a meeting will have positive value, the President will be ready to talk.

This is a sincere and reasonable position. It is a logical follow-up of the principles he outlined in his foreign policy address of Apr. 16, when he asked for deeds, not words, from the Kremlin. Unless the Russians agree to a truce in Korea and a peace treaty in Austria, big-power talks, at this stage, are out of the question.

Churchill himself has acknowledged that if there is a desire for a truce, a settlement could be instantly reached, but if there is no desire, the haggling could go on forever. Negotiations on an Austrian treaty have dragged on for seven years and 258 sessions, and we will not feel certain that Soviet intransigeance has vanished until an agreement is reached at the forthcoming talks in Vienna, as well as in Panmunjom.

Nevertheless, we must consider that the Russians may bring an end to the disheartening delays. If so, it would be the height of folly to suppose that the proposed big-power talks would result in a comprehensive agreement covering every conceivable issue. Even Sir Winston does not expect miracles. He believes that when principals in a dispute meet they can often penetrate more directly to the heart of the matter than deputies who are limited to specific subjects. Sir Winston seeks personally to produce a peaceful settlement to mark the last great triumph of a triumphant career.

#### Risks and Rewards

Yet the potential risks in such a meeting are as great as the potential rewards. If we entered the conference motivated solely by the desire to achieve peace, it might result in impromptu concessions that, as in the past, we would later regret. It would be equally fatal if both sides turned stubborn and did not indulge in the give and take that a conference implies. In that case, the best we could hope for would be a return to the status quo of the cold war that is now lukewarm.

More, then, is needed than Russian deeds. It is just as imperative that we clarify our policies so that they are understood by our friends before they are presented to our enemies. Sir Winston's speech made clear that there are certain differences between the American outlook and the British. It is clear, also, that the French and other allies do not see eye to eye on all our policies. This does not mean that the French are

appeasers or that the British are ignorant of the dangers lurking behind Soviet overtures. Despite the squabbling that followed Churchill's speech, the free world is still as strongly opposed to communism as it has ever been.

But differences of opinion do exist, and it would be wrong to ignore them. At the same time, they must not be permitted to broaden to the point where the Kremlin can play its favorite game of setting one side off against the other. What is needed to prevent this is a high-level conference of the U.S. and our allies, a proposal, incidentally, that Churchill suggested some months ago. Talks now would enable us to forge a unified strategy in the event of a meeting with the Communists.

This would mean a rethinking of our position. It may be that some modifications in our policies will be required, and we must be prepared to make them. Otherwise we cannot rightfully claim the leadership.

The American people, no less than the British, the French, and the Russians, desire peace. We hope that the Soviet government paves the way for a conference by settling the Korean and Austrian questions. We believe that the nations of the free world should thrash out their differences in the interim. For if the conference with the Russians is held and the participants agree to disagree, then it is crucially important that there be no doubt as to which side is responsible.

## Streamlining Agriculture

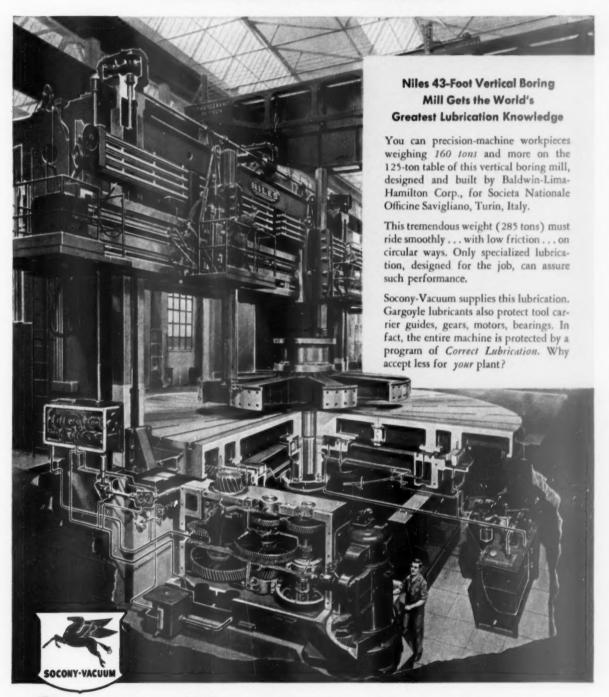
Through a series of reorganization plans, originally recommended by the Hoover Commission, the Eisenhower Administration is fulfilling its pledge to make the executive branch more efficient and less expensive. Of six proposals, one has already passed Congress. A second, which calls for streamlining the Dept. of Agriculture, has run into opposition that threatens all the rest.

Streamlining, the opposition holds, will give too much autonomy to the Secretary of Agriculture, and will rob the farmer of essential advice. The Hoover Commission has effectively dealt with these criticisms. On one hand, it claims that cutting down the independence of the "loose confederation of bureaus" will eliminate duplication and waste right down to the county level. On the other, it offers abundant proof that the farmers, if anything, are bewildered by advice.

For example, one Missouri farmer received advice on the use of fertilizer from five different departmental agencies. The advice each gave was different.

Any reorganization is bound to be opposed by those who have a stake in the present extravagant state of affairs. But the need for economy and efficiency should override objections. The longer Congress holds up the Agriculture proposal, the longer it will be before the Administration can proceed with other necessary reorganization plans.

# "Operating Table" FOR 160-TON GIANTS!



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### Shovel maker scoops '10,000 out of this hole

STEEL shafts that drive a power shovel's crawler mechanism have to be hollow to accommodate steering levers that operate inside. But drilling the hole was a costly operation.

Looking for a way to reduce the high cost of the hole, one power shovel manufacturer turned to metallurgists of The Timken Roller Bearing Company. They studied the job—recommended that the manufacturer start with Timken seamless steel alloy tubing of a certain analysis instead of bar stock. With Timken steel tubing, the hole is already there. Drilling is eliminated.

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The steel that did the job is just one of

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